



**Arkansas
Public Service Commission**

1997 Annual Report

1997 ANNUAL REPORT

TABLE OF CONTENTS

SECTION	PAGE
Section 1. Introduction	1
Section 2. Agency Organization	2
A. Position Summary	2
B. Organizational Chart	3
C. Section Responsibilities	4
Section 3. Activity Summary	8
Section 4. Jurisdictional Utilities	9
Section 5. Gas Industry Summary	22
A. Highlights	22
B. Gas Customers and Sales Revenues by Class	23
C. Statistical Summaries for Gas	24
Section 6. Electric Industry Summary	27
A. Highlights	27
B. Electric Customers by Class	29
C. Electric Revenues by Class	30
D. Statistical Summaries for Electric	31
Section 7. Telecommunications Industry Summary	40
A. Highlights	40
B. Access Lines by Class	42
C. Telephone Revenues by Category	43
D. Statistical Summaries for Telecommunications	44
Section 8. Water & Sewer Industry Summary	61
A. Highlights	61
B. Water & Sewer Customers and Sales Revenues by Class	62
C. Statistical Summaries for Water & Sewer	63


1997 ANNUAL REPORT

TABLE OF CONTENTS

SECTION	PAGE
Section 9. Federal Agency Activity	66
Section 10. Consumer Services Summary	71
A. Informal Customer Inquiries and Complaints	71
B. Formal Complaints	72
C. Consumer Services Review of Compliance with PSC General Service Rules and Telecommunications Providers Rules	72
D. Other	72
Section 11. Commission Review of Utility Operations	81
A. Gas Pipeline Safety Inspections and Investigations	81
B. Telecommunications Quality of Service Reviews	81
C. Electric Quality of Service Reviews	82
D. Compliance Audits	82
Section 12. Other Activities	83
Section 13. Receipts and Disbursements	84

Section 1. Introduction

The Arkansas Public Service Commission

 The Arkansas Public Service Commission (Commission) regulates public utilities which provide electric, gas, telecommunications, water and sewer services to Arkansas consumers. These utilities generate annual revenues in Arkansas exceeding \$5.1 billion, of which \$3.5 billion are jurisdictional revenues. To finance its regulatory operations, the Commission is authorized to levy and collect an annual fee based proportionally on the gross earnings of each utility.

The General Assembly created the Commission and delegated to it the power to regulate the services and rates of those utilities subject to its jurisdiction. The Commission's primary responsibilities are to ensure that service is safe and adequate and that rates are just and reasonable. In general, the Commission is charged with the duty of ensuring that a public utility charges a rate that will give it a fair return on invested capital and ensuring that the consumer does not pay more than necessary to produce a fair return to the utility for its service.

The Commission's current delegation of legislative authority over utilities is the product of legislative evolution. At this time, the Commission has general supervisory authority over electric, gas, telecommunications, water and sewer services which are provided to the public for compensation. At various points in time, the Commission's authority to regulate these utility services has been expanded and reduced. Currently, the Commission does not have regulatory authority over municipally-owned or operated utilities. Additionally, the Commission has limited jurisdiction over small water and sewer utilities and most telecommunications utilities. More specifically, small water and sewer utilities are not subject to Commission jurisdiction unless either the customers of the utility or the utility petition the Commission to exercise its regulatory jurisdiction over that utility. Rate regulation of most telecommunications services is left to the market place in recognition of emerging competition pursuant to Act 77 of 1997. With respect to wireless telecommunications, the Commission does not regulate the price or services of such providers unless the Commission, after notice and hearing and upon substantial evidence, should determine to do so.

Section 2. Agency Organization

A. POSITION SUMMARY

The Arkansas Public Service Commission consists of three Commissioners appointed by the Governor for overlapping six-year terms. The agency also has 173 regular staff positions divided into three Divisions: The Utilities Division, the Assessment Coordination Division, and the Tax Division.

The Commissioners have oversight responsibility for all three Divisions, but spend a majority of their time dealing with utility issues. This report will be limited to a discussion of Utilities Division Activities. The Tax Division will submit a separate Annual Report. The Assessment Coordination Division was transferred from the Arkansas Public Service Commission to the Assessment Coordination Department in accordance with Act 436 of 1977.

The Utilities Division, including our federally reimbursed Pipeline Safety Program, has 117 authorized regular positions. This total includes the Commissioners and their immediate staff, which encompasses their Legal Section, Research and Policy Development Section, Administrative Services Section, and the Office of the Secretary of the Commission; the PSC Director; and the eight General Staff Sections. Both a list of all Sections with their assigned positions and an organizational chart follow:

Organizational Component	Number of Positions
Commissioners	3
Commissioners' Staff	
Legal and Administrative Law Judges	6
Research and Policy Development	11
Administrative Services	8
Secretary of the Commission	4
Support Staff	5
PSC General Staff	
PSC Director's Office	2
Gas & Water Utilities	12
Electric Utilities	9
Telecommunications Utilities	6
Audits	15
Financial Analysis	10
Legal	12
Consumer Services	8
Data Processing	6
TOTAL	117

Section 2. Agency Organization

B. ORGANIZATIONAL CHART

Arkansas Public Service Commission Utilities Division



Section 2. Agency Organization

C. SECTION RESPONSIBILITIES

COMMISSIONERS

The Commissioners function as a quasi-legislative body, with quasi-judicial authority. In that capacity, they render decisions and develop orders for implementing those decisions. The decisions cover a wide spectrum of issues including policy matters, rates, tariffs, territory allocations, utility plant construction sitings, bond issues, assessment protests in opposition to Tax Division determinations, and equalization of property tax assessments by local Equalization Boards.

The Commissioners' Staff, under the direction of the Chief Administrative Law Judge, is comprised of four Sections: 1) the Administrative Law Judges and the Legal Section; 2) the Research and Policy Development Section; 3) the Office of the Secretary of the Commission; and, 4) the Administrative Services Section. Responsibilities of each Section are described below.

Administrative Law Judges and Legal Section. This Section is comprised of Administrative Law Judges and attorneys. The Administrative Law Judges render decisions and develop orders in dockets delegated to them by order of the Commission. Attorneys in this Section also advise and represent the Commission on various state and federal legal matters.

Research and Policy Development Section. This Section, under the supervision of the Director of Research and Policy Development, is the technical arm of the Commissioners' Staff, with personnel specializing in the telecommunications, electric, natural gas, and water industries, as well as in economic, legal, and accounting matters. This Section is responsible for filings before federal agencies, developing regulatory policy recommendations for the Commission, and providing technical advice to the Commissioners on matters before the Commission.

Office of the Secretary of the Commission. All documents filed before the Commission and all orders issued by the Commission are processed by this Office. Official Commission records such as docket files, tariffs, and annual reports are also maintained in

Section 2. Agency Organization

this area. This Office supplies the general public and utility representatives with any requested information regarding utility regulation.

Administrative Services Section. Staff members assigned to the Administrative Services Section provide administrative support for the Utilities Division. This Section is comprised of two units - the Fiscal/Personnel Office and the Mail/Supply/Copy Center.

Fiscal/Personnel staff members prepare initial budgets; handle purchasing, accounting, inventory control and payroll; assist in developing assessments for the PSC's operating budget; and assist with the Federal Department of Transportation Pipeline Safety Grant. Maintaining personnel records, screening and processing job applicants, conducting new employee orientation, and coordinating employee training and management classes are other functions performed by the Fiscal/Personnel Office.

The Mail/Supply/Copy Center handles internal mail distribution, photocopying, and maintenance of the agency vehicle fleet.

GENERAL STAFF

Office of the Director. The PSC Director is responsible for the overall management of the General Staff of the Utilities Division. Staff members in the Utilities Division perform a wide variety of responsibilities which are accomplished through the eight Sections described below. In addition, staff members assigned to the Director's area administer the Docket Tracking System, produce annual reports, and develop publications and presentations for a variety of education and outreach activities.

Telecommunications Section. The Telecommunications Section is responsible for industry specific rate, financial, quality of service and accounting matters. Staff members constantly interact with numerous local exchange carriers, interexchange carriers, wireless carriers and the public. That interaction is necessary to be responsive to the rapid changes in the industry, the introduction of new services, the effects of federal regulatory actions and the questions, and service problems of the public. This Section also conducts an ongoing evaluation of the quality of service provided by local exchange carriers in Arkansas. That evaluation measures the carriers' performance against the Commission's *Telecommunications Providers Rules* and is administered to ensure that each carrier is evaluated at least once every two years.

Section 2. Agency Organization

Natural Gas and Water Section. The Natural Gas and Water Section has two distinct functions. Natural Gas and Water staff members primarily focus on financial and rate matters concerning natural gas, water and sewer utilities. They must understand and evaluate the complex rate structures and the earning requirements of the four water, two¹ sewer, and five natural gas utilities currently under the Commission's jurisdiction.

This Section also contains the Gas Pipeline Safety Unit. The role of the Gas Pipeline Safety Unit's members is to ensure that natural gas operators are in compliance with the *Arkansas Gas Pipeline Code*. Compliance is determined through periodic inspections of safety, corrosion, and leakage control which are performed on 25 intra-state natural gas operators and 239 operators covering 387 master- metered gas systems.

Electric Section. The Electric Section monitors the activities, operations, costs, and earnings of the four investor-owned and eighteen cooperative electric utilities under the Commission's jurisdiction. Section responsibilities cover all aspects of utility regulation and include determination of revenue requirement; rate design, accounting and finance; transmission line siting; and, engineering. Each member of the Section identifies issues, analyzes the impact of those issues on the utility and the ratepayer, and develops and presents expert testimony before the Commission. Members of this Section perform special project analyses, conduct general and special issue audits and investigations, and provide technical evaluations relating to consumer complaints. They also make periodic inspections of electric utility facilities and procedures to ensure compliance with Commission rules and standards.

Legal Section. Attorneys on the General Staff perform a dual function at the Commission. They represent the Staff in proceedings before the Commission and represent the Commission in matters and proceedings outside the Commission, such as appellate cases and appearances before federal regulatory commissions. Additionally, Legal Section attorneys act as Commission hearing officers in certain designated dockets.

Financial Analysis Section. The Financial Analysis Section develops or assists the Utility Industry Sections in the development of Staff's position on various regulatory issues, conducts focused investigations as directed, performs various financial and economic analyses, evaluates depreciation rates and capital recovery issues, and assesses the required rate of return and other financing issues for jurisdictional utilities. Responsibilities include

Section 2. Agency Organization

presenting recommendations to the Commission through pre-filed expert testimony and by presenting positions through oral testimony and cross-examinations during public hearings.

Audits Section. The Audits Section participates in all rate case proceedings. Section staff members conduct extensive reviews, audits, and analyses of rate case applications; conduct ongoing reviews of the earnings levels of public utilities; evaluate transactions between regulated utility companies and their affiliates; and, conduct compliance audits on an ongoing basis.

Consumer Services Section. The Consumer Services Section handles customer questions and complaints about the rates and service of regulated utilities. Staff members review all complaints for compliance with PSC rules and approved utility tariffs and act as liaisons with utilities in resolving those complaints. This Section also provides educational brochures, materials, and group presentations.

Another responsibility of the Consumer Services Section is customer service audits of jurisdictional utility companies. The audits consist of a thorough review of utility policies and procedures. The objective is the identification of opportunities for improvements and recommendations are often made to ensure compliance with Commission Rules.

Data Processing Section. Data Processing staff members maintain computer hardware and software for rate cases, provide administrative and research support, and handle general office automation. New application development, adaptation of data and systems from other computer facilities, and training are other responsibilities assigned to this area. Currently, a Novell network, Data General MV/9800 computer, and desktop microcomputers are used to handle in-house data and word processing. Notebook computers are provided for field audits.

1 . October 6, 1997, Sebastian Lake Utility, added both a water and sewer utility to the Commission's jurisdiction.

Section 3. 1997 Activity Summary

1997 Activity Summary

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Total
New Dockets	31	43	68	46	33	40	40	35	29	33	32	37	467
Filings	501	422	521	390	403	381	492	361	499	470	296	471	5,207
Hearings	3	1	2	2	3	4	2	2	3	4	1	1	28
Hearing Days	6	1	2	2	3	4	2	2	3	4	1	1	31

Summary Schedule of Orders Issued in 1997

Order	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Electric	18	13	25	7	10	10	24	16	18	20	10	21	192
Gas	12	8	9	12	6	6	14	12	16	7	8	5	115
Telephone	102	93	103	99	112	67	97	69	55	90	50	107	1,044
Water	0	0	1	4	1	1	0	2	2	4	1	2	18
Sewer	0	0	0	0	0	0	0	0	0	0	0	0	0
Others	0	0	1	0	0	0	0	0	0	0	0	0	1
Total	132	114	139	122	129	84	135	99	91	121	69	135	1,370

Total Orders Issued For This Period: 1,370

Section 4. Jurisdictional Utilities

During 1997, the Commission carried out its statutory obligation to review and regulate the rates and practices of utility companies. The utilities under the Commission's jurisdiction in 1997 are listed below:

Investor-Owned Electric Utilities	4
Electric Cooperatives	18
Investor-Owned Gas Utilities	5
¹ Natural Gas Operators	20
¹ Master Meter Gas Operators	239
Water Utilities	4
Sewer Utilities	2
Telecommunications Utilities	30
Competitive Interexchange Carriers, Operator Services, Private Pay Telephone, Wireless, and Competitive Access Providers	365
TOTAL	687

Investor-Owned Electric Utilities

Empire District Electric Company, (The)
Entergy Arkansas, Inc. (formerly AP&L)

Oklahoma Gas and Electric Company
Southwestern Electric Power Company

Electric Cooperatives

Arkansas Electric Cooperative Corporation
Arkansas Valley Electric Cooperative
Corporation
Ashley-Chicot Electric Cooperative, Inc.
C & L Electric Cooperative Corporation
Carroll Electric Cooperative Corporation
Clay County Electric Cooperative Corporation
Craighead Electric Cooperative Corporation
Farmers Electric Cooperative Corporation
First Electric Cooperative Corporation
Mississippi County Electric Cooperative, Inc.

North Arkansas Electric Cooperative, Inc.
Ouachita Electric Cooperative Corporation
Ozarks Electric Cooperative Corporation
Petit Jean Electric Cooperative Corporation
Rich Mountain Electric Cooperative, Inc.
South Central Arkansas Electric
Cooperative, Inc.
Southwest Arkansas Electric Cooperative
Corporation
Woodruff Electric Cooperative Corporation

¹The Natural Gas and Master Meter Operators are inspected by the Pipeline Safety Office pursuant to the authority granted by the Arkansas Natural Gas Pipeline Safety Act of 1971.

Section 4. Jurisdictional Utilities

Investor-Owned Gas Utilities

Arkla, a Division of NorAm Energy
Corporation
Arkansas Oklahoma Gas Corporation
Arkansas Western Gas Company and its
Division, Associated Natural Gas Company

NOARK Pipeline System, Ltd. Partnership
Union Gas Company of Arkansas, Inc. (The)

Natural Gas Operators

Albemarle Corporation
Augusta City Light, Water and Gas
Des Arc Municipal Gas Company
DeValls Bluff Natural Gas System
Entergy
Great Lakes Chemical Corporation
Harrisburg Water and Gas Division
Hazen Natural Gas Company
Horizon Natural Resources, Inc.
Integrated Services, Inc.

LKL Pipeline
MKP Production Company
Magnolia Gas Company
Natural Gas Pipeline Company of America
NorAm Gas Transmission Company
North Crossett Gas & Water Company
Petro-Chem Operating Company, Inc.
Reynolds Metal Company
Warren Arkansas Gathering, Inc.
Warren Petroleum Company, L.P.

Master Meter Gas Operators

ALCO Management, Inc.
Akridge Trailer Park
Allison Trailer Park
Allred Properties
Alpha Property Management, Inc.
Arkansas Court
Arkoma, Inc.
Associate Management
Associated Realty Services, Inc.
Augusta Housing Authority
Autumn Run Mobile Home Park
Autumn Woods Apartments
Baker Properties
Bald Knob Housing Authority
Barnett G. Mays Realty Company

Bart Gray Realty
Batesville Housing Authority
Beebe Housing Authority
Bellefonte Mobile Home Park
Berryville Mobile Home Park
Billings Trailer Park
Bob Knight Agency
Bobby Qualls
Boonstra Mobile Home Park
Boucher & Slack Enterprises
Brand New Hope Mobile Home Trailer Park
Brinkley Housing Authority
Bruck Trailer Park
Buck's Trailer Park
Bud Ross Trailer Court

Section 4. Jurisdictional Utilities

Master Meter Gas Operators (Continued)

CIC Arms Apartments	Eaton Trailer Park
Cabin Court	Ed Cook
Camden Housing Authority	11th Street Mobile Home Park
Carter Investments-Oakridge	Elm Springs Trailer Park
Catlett and Company	Elton L. Roe
Centerton Mobile Home Park	Eoff & Company, Inc.
Century 21 Pro Realty	Evans Mobile Home Park
Chateau Apartments	Faucette Realty
Chateau Apartments (Fayetteville)	Fick Street Apartments
Chateau Apartments (Magnolia)	First Capitol Management Group
Chateau West Apartments	First Choice Construction Company, Inc.
Clarendon Housing Authority	Forrest City Housing Authority
Coffman Investments	Fort Smith Housing Authority
Colonial Arms Apartments	Fountain Plaza Apartments
Colonial Estates Mobile Home Park	Gage Trailer Park
Colonial Oaks Apartments	Gar Creek Trailer Park
Conway Housing Authority	Garland Gardens Apartments
Cool Timbers	Georgetown Apartments
Cottage Apartments & Trailers	Green Acres Mobile Home Park
Cotton Plant Housing Authority	Green Elf Court
Country Manor Mobile Home Park	Guaranty Loan and Realty
Country Mobile Estates	Guffey Properties
Country Oaks Mobile Home Trailer Park	Hanaway Properties
Countryside Mobile Home Park	Happy Pines Mobile Home Park
Cox Mobile Home Park	Harold Page Mobile Home Park
Creekside Mobile Home Park	Harris Trailer Park
D & C Trailer Park	Harrison Mobile Homes
Dailey Drive Mobile Home Park	Harsted, Inc.
Dale Martin Trailer Park	Hartgrave Trailer Park
Dallas Gross	Haygood-Neal Garden Apartments
Danny Thomas Managements	Heber Springs Housing Authority
Dardenelle Housing Authority	Hermitage Park Apartments
Delmarr Apartments	Hermitage Trailer Park
Des Arc Housing Authority	Hewett Springs Mobile Home Gardens
Dewar Properties	Hickory Ridge Housing Authority
Dhein's Mobile Home Park	Highcliff Apartments
Dumas Housing Authority	Hill Top Mobile Home Park
Earle Housing Authority	Hilltop Mobile Home Park
Eastside Mobile Home Park	Hinkle Mobile Home Park

Section 4. Jurisdictional Utilities

Master Meter Gas Operators (Continued)

Hoxie Housing Authority
Hudson Realty Company
Hughes Housing Authority
Indian Hills Apartments
Insignia Management Group
Jarrett Property Management
Jim Peacock Realty
Johanson-Webster Properties
Jones Mobile Home Park
Jones Trailer Park
Keathley Enterprises
Keller's Mobile Home Park
Kohner Properties
Krebs Rentals
L & K Properties
Lakeland Trailer Park
Lakeside Resort
Lakewood Apartments
Lee Hackler Trailer Park
Leta Wagner
Little Rock Housing Authority
Little's Trailer Park
Logan Township Gas Users Association
Looper Trailer Park
Love's Apartments
M & S Rentals
Magnolia Housing Authority
Mammoth Spring Housing Authority
Manila Housing Authority
Marianna Housing Authority
Martin Trailer Park
McCrory Housing Authority
Melody Trailer Court
Mena Housing Authority
Midland Property Management
Midway Park
Midway Trailer Park
Mobile Home Village
Monte Ne Mobile Home Park

Monte Ne Valee Mobile Home Park
Moore Apartments
Morgan's Trailer Park
Motor Inn Trailer Park
Mountain Home Mobile Home Park
NHP Property Management, Inc.
Newport Housing Authority
Nine Elms Mobile Home Park
North Little Rock Housing Authority
Northern Hills Mobile Home Park
Oak Glen Mobile Village
Oakwood Apartments
Osco Honeycutt
Out-in-the-Woods Apartments
P.R. Real Estate & Management
Painter's Mobile Home Park
Paragould Housing Authority
Parkin Housing Authority
Parkway Village Apartments
Pearson's Trailer Park
Pharr Apartments and Trailers
Pine Meadow Trailer Park
Piney Woods Apartments
Plumtree Mobile Home Park
Pocahontas Housing Authority
Polish Paradise Rentals
Polk County Housing Authority
Poplar Square Apartments
Prairie Creek Mobile Home Park
Property Management, Inc.
Protho Manor Apartments
RPS Management Company L.P.
Rainbow Valley Mobile Home Park
Razorback Mobile Home Park
Reano Trailer Court
Rector Housing Authority
Rector-Phillips-Morse
Red Barn Trailer Park
Remount Mobile Home Park

Section 4. Jurisdictional Utilities

Master Meter Gas Operators (Continued)

Rental Management, Inc.
Rison Housing Authority
Riverside, Inc.
Ro-Lynn Hills
Rockway Mobile Home Park
Rolling Hills Mobile Home Park
Rosebud Trailer Park
Royal Oak Apartments
Ruffs Mobile Home Park
Rutherford Mobile Home Park
Salem Housing Authority
Scholars Inn Apartments
Shady Acres Mobile Home Park
Shady Rest Court
Shannon Development
Shenandoah Park
Shuffield Acres
Sink Realty
Southgate Village
Star City Housing Authority
Star Management
Suburban Mobile Home Park
Sugarloaf Trailer Park
Sunset Acres Mobile Home Park
TECO Development, Inc.
Tara Apartments
Tara Garden Apartments

Taylor's Mobile Home Park
Terry Lynn Trailer Park
The English Apartments
Thompson Trailer Park
Town & Country Mobile Home Park
Town Houses in the Park
Trailwood Mobile Home Park
Travis Trailer Park
Trumann Housing Authority
Trumann Mobile Home Park
Tucker's Trailer Park
Valley View Apartments and Mobile Home Park
W-7 Mobile Park
Wards Mobile Home Park
Warren Housing Authority
Washington Plaza Apartments
West Apartments
West Memphis Housing Authority
Westpark Meadows Apartments
Wilbur's Mobile Home Park
Willow Wood Apartments
Winberry Apartments
Winston Apartments
Wood Terrace Apartments
Woodland Acres
Woodridge Estates

Water Utilities

Riviera Utilities of Arkansas, Inc.
Sebastian Lake Public Utility*

United Water Arkansas
Shumaker Public Service Corp.

*Jurisdictional pursuant to Commission Order #2 issued on October 6, 1997.

Section 4. Jurisdictional Utilities

Sewer Utilities

Central Arkansas Sewer Systems, Inc.

Sebastian Lake Public Utility*

Telecommunications Utilities Local Exchange Carriers

ALLTEL Arkansas, Inc.
Arkansas Telephone Company, Inc.
Central Arkansas Telephone Cooperative, Inc.
Century Telephone of Arkansas, Inc.
Century Telephone of Mountain Home, Inc.
Century Telephone of Northwest Louisiana, Inc.
Century Telephone of Redfield, Inc.
Century Telephone of South Arkansas, Inc.
Cleveland County Telephone Company, Inc.
Decatur Telephone Company, Inc.
E. Ritter Telephone Company
GTE Arkansas, Inc.
GTE Midwest, Inc.
GTE Southwest, Inc.
Lavaca Telephone Company, Inc.
Madison County Telephone Company, Inc.

Magazine Telephone Company, Inc.
Mountain View Telephone Company
Northern Arkansas Telephone Company, Inc.
Ozark Telephone Company of Missouri
Prairie Grove Telephone Company
Rice Belt Telephone Company, Inc.
Scott County Telephone Company, Inc.
South Arkansas Telephone Company, Inc.
Southwest Arkansas Telephone
Cooperative, Inc.
Southwestern Bell Telephone Company
Tri-County Telephone Company, Inc.
Walnut Hill Telephone Company
Yelcot Telephone Company, Inc.
Yell County Telephone Company

Interexchange Carriers, Operator Services, Private Pay Telephone, Wireless, and Competitive Access Providers

111 Center Street Limited Partnership
360 Long Distance, Inc.
A&S Communications, Inc.**
A South Pay Phones
ACC National Long Distance Corp.
ACSI Local Switched Services, Inc.

Advanced Management Services, Inc.
Affinity Corp.
Affinity Network, Inc.
All American Telephone, Inc.
Advanced Telecommunication
Network, Inc.

Section 4. Jurisdictional Utilities

Interexchange Carriers, Operator Services, Private Pay Telephone, Wireless, and Competitive Access Providers (Continued)

Allnet Communication Services, Inc.
 dba Frontier Communications Services
ALLTEL Communications, Inc.
ALLTEL Mobile Communications, Inc.

Includes:

 ALLTEL Cellular Associates of
 Arkansas, Inc.
 ALLTEL Central Arkansas Cellular LP
 Fayetteville MSA Limited Partnership
 Fort Smith MSA Limited Partnership
 Northwest Arkansas Limited
 Partnership

Alternate Communications Technology, Inc.
America's Tele-Network Corp.
American Business Alliance, Inc.
American Cellular Rental, Inc.
American Communications Services of
 Little Rock, Inc.
American Express Telecom, Inc.
American International Telephone, Inc.
American Long Lines, Inc.
American Network Exchange, Inc.
American Tel Group, Inc.
American Telco, Inc.
 dba ATI
American Telecommunications
 Enterprise, Inc.
American Telecommunications Systems,
 Inc.
American Teletronics Long Distance, Inc.
AmeriConnect, Inc.
Ameri-I-Net Services Corp.**
Ameritech Communications
 International, Inc.
Ameritech Pay Phone Services, Inc.
Ameritel Pay Phones, Inc.
AmeriVision Communications, Inc.
Anchor Communications Corp.

Apollo Communications Services, LLC
Arkansas COM-TECH Services
Arkansas Pay Phone, Inc.
ARKLA, a division of NORAM
 Energy Corp.
 dba ARKLA Long Distance
 Service**
ASC Telecom, Inc.
Ascension Communications, Inc.**
Associated Business Telephone
 Systems Corp.
 dba Hotel Digital Network & Intelnet
Association Administrators, Inc.
AT & T Communications of the SW, Inc.
AtCall, Inc.
Athena International, LLC**
Atlas Communications, LTD
 dba ATCOM
Axces, Inc.
 dba Axces International
Bel-Save, Inc.
Bellsouth Long Distance, Inc.
BFI Communications, Inc.
Brittan Communications International, Inc.
Brooks Fiber Communications of ARK, Inc.
Budget Call Long Distance
Business Discount Plan, Inc.
Business Options, Inc.**
Business Telecom, Inc.
 dba BTI
Cable & Wireless, Inc.
Call Plus, Inc.
Calls for Less, Inc.
Caprock Communications Corp.
Caribbean Tel & Telegraph, Inc.
CASCO Pay Phones
Centercom Ark Limited Partnership

Section 4. Jurisdictional Utilities

Interexchange Carriers, Operator Services, Private Pay Telephone, Wireless, and Competitive Access Providers (Continued)

Century Cellunet

Includes:

Arkansas Cellular LP

Minnesota RSA #6, Inc.

North Arkansas Cellular LP

Southwest Arkansas Cellular LP

Texarkana, Inc.

Central Payphone Services, Inc.**

Century Telecommunications, Inc.

CFW Communications Services, Inc.

Cherry Communications, Inc.

Cincinnati Bell Long Distance, Inc.

Citizens Telecommunications Co.

dba Citizens Communications Co.

Claricom Networks, Inc.

Coast International, Inc.

dba Convergent Communications, Inc.

Coastal Telecom Limited Co.

Coleman Enterprises, Inc.

dba Local Long Distance

Colorado River Communications Corp.

ComData Telecommunications Services, Inc.

Comm South Companies, Inc.

dba Arkansas Comm South

Communication Cable-Laying Co., Inc.

dba DIAL US

Communications Central of Georgia, Inc.

Communications Telesystems International

CommuniGroup, Inc. of Arkansas, The

CommuniGroup of Kansas City, Inc.

dba CGI

Common Concerns, Inc.

Computer Telephone Corp.**

COM-TECH Resources, Inc.

dba COM-TECH Systems

Comtel Computer Corp.

Conetco Corp.

dba Communications Network Corp.

Connect America Communications, Inc.

ConQuest Operator Services Corp.

Consolidated Communications Telecom
Services, Inc.

Corporate Services Telecom, Inc.

CRG International, Inc.

dba Network One

CSI Corp.

Cypress Telecommunication Corp.

Davel Communications Group, Inc.

Daveltel, Inc.

DDD Calling, Inc.

DeltaCom, Inc.

DeltaTel, Inc.

Destiny Telecomm International, Inc.**

Dewey Pruitt

Dial & Save of ARK., Inc.

dba Dial & Save

Digital Network Services, Inc.

Discount Network Services, Inc.

Eastern Telecommunications, Inc.

Easton Telecom Services, Inc.

Econophone, Inc.

Entergy Hyperion Telecommunications
of Arkansas, LLC

Epoch Networks, Inc.

Equal Net Communications, Inc.

Excel Telecommunications, Inc.

Executone Information Systems, Inc.**

Family Telecommunications, Inc.

Fast Connections, Inc.

Federal Transtel, Inc.

Florida Network USA, Inc.**

dba A + Network, Inc.

Frank Robbins

dba Public-Tel

Frontier Communications of the
West, Inc.

Section 4. Jurisdictional Utilities

Interexchange Carriers, Operator Services, Private Pay Telephone, Wireless, and Competitive Access Providers (Continued)

Furst Group, Inc., The
Gary Crook**
 dba G & D Communications
Gateway Technologies, Inc.
GE Capital Communications Services Corp.
 dba GE Exchange
 dba GE Capital Exchange
Global Rate Processing
Global Tel-Link Corp.
Global TeleMedia International, Inc.
Global Telephone Corp.
Great Lakes Telecommunications Corp.
 dba Telecom Advantage
 dba 800 advantage
 dba Small Business Group
Group Long Distance, Inc.
GST Net, Inc.
GTE Communications Corp.
GTE Mobilnet Sales Corp.
 Includes:
 Fayetteville
 Fort Smith
 Little Rock
 Pine Bluff
 Texarkana
GTE Telecommunications Services, Inc.
 (GTE TSI)
GTI Telecom, Inc.
GTN Corp.**
GVC Telecommunications Consulting
Heartline Communications, Inc.
Hebron Communications Corp.
Hertz Technologies, Inc.
Hi Plains NTS Communications, Inc.
High-Rim Communications, Inc.**
Home Owners Long Distance, Inc.
Hospitality Communications Corp.
 dba HCC Telemanagement

Host Network, Inc.
IdealDial Corp.
IDT America Corp.
 dba IDT Corp.
Inacom Communications, Inc.
Independent Network Services Corp.**
INFO-TEL, Inc.
Inmate Communications Corp.
Innovative Telecom Corp.
Integrated Teletechnologies, Inc.**
Intelicom International Corp.
Intelnet Services of North America, Inc.
Intercontinental Communications Group, Inc.
 dba ICLD
Intermedia Communications, Inc.
International Charity Network
International Gateway Communications
International Telecom, Ltd.
International Telecommunications Corp.
 dba ITC
International Telemanagement Group, Inc.
InVision Telecom, Inc.
IXC Long Distance, Inc.
J.C. Rogers Private Telephone**
J.D. Services, Inc.
 dba American Freedom Network
Jack L. Hunter
James E. Bennett
Jessie Parker**
Kelley M. Ward
 dba Chatterbox
Key Communications Management, Inc.**
L.D. Services, Inc.
LCI International Telcom Corp.
LDC Telecommunications, Inc.
LDCC, Inc.**
LDD, Inc.
LDM Systems, Inc.

Section 4. Jurisdictional Utilities

Interexchange Carriers, Operator Services, Private Pay Telephone, Wireless, and Competitive Access Providers (Continued)

Larry Baldwin
Least Cost Routing, Inc.
 dba Long Distance Charges
Least Cost Routing, Inc.
Lecnet, Inc.
Line BLT Technologies, Inc.
Long Distance Consolidated Billing Co.
Long Distance Direct Holdings, Inc.
Long Distance Network, Inc.
Long Distance of Michigan
Long Distance Savers, Inc.
Long Distance Services, Inc.
Long Distance Wholesale Club
Mannacom Telecom, Inc.**
Mark A. Styron
 dba Texas Inmate Phones
 Communications
Matrix Telecom, Inc.
Max-Tel Communications, Inc.
MCI Telecommunications Corp.
McLeod USA Telecommunications
 Services, Inc.
Memphis Cellular Telephone Co.
Memphis SMSA Limited Partnership
Meridian Telecom Corp.
MetroLink Communications, Inc.
MFS Intelenet of ARK, Inc.
Mid-Com Communications, Inc.
Motorola Cellular Service, Inc.
MTC Telemanagement Corp.
National Accounts, Inc.
National Telemanagement Corp.
 dba American Roaming Network
National Telephone & Communications, Inc.
NeTEL**
Network Long Distance, Inc.
Network Operator Services, Inc.
Network Plus, Inc.**
Network Services Group, Inc.
Network Services, Inc.
New Century Telecom, Inc.
New Media Telecommunications
Norstan Network Services, Inc.
North American Communications of
 ARK., Inc.
North American Intelcom, Inc.
North American Telephone Network, LLC
Northwest Communications, Inc.
NOS Communications, Inc.
NOSVA Limited Partnership
NYNEX Long Distance Co.
One Call Communications, Inc.
 dba Opticom
One Step Billing, Inc.
One to One Communications, Inc.**
Operator Communications, Inc.
 dba ONCOR Communications, Inc.
 (OCI)
Operator Service Co.
OPTEX, Inc.
Opus Correctional, Inc.
 dba Loctel
Overlook Communications International
 Corp.
Pantel Communications, Inc.
Parcel Consultant, Inc.
Parker A. and Sandra J. Devore
 dba Devore Communications
Paul Gilli
Pay Telephone America, Ltd.**
Paytel, Inc.
Pennsylvania Alternative
 Communications, Inc.**
Peoples Telephone Company, Inc.
PetraCom Corp.**
Phoenix Network, Inc.

Section 4. Jurisdictional Utilities

Interexchange Carriers, Operator Services, Private Pay Telephone, Wireless, and Competitive Access Providers (Continued)

Phonco, Inc., The
 dba Network Services Long Distance
Phone Calls, Inc.**
Phonetime, Inc.
Pine Bluff Cellular, Inc.
Pinnacle Cellular Limited Partnership
PNG Telecommunications, Inc.
Polar Communications, Corp.**
Powertel/Memphis, Inc.
Preferred Carrier Services, Inc.
Premiere Communications, Inc.
Prime Communications
Primus Telecommunications, Inc.
Professional Communications Management
 Services
 dba PROCOM
Protel Advantage, Inc.
 dba Long Distance Savings
Providian Group, LLC
PSP Marketing Group, Inc.
 dba THE IT Group
PT-1 Communications
QAI, Inc.
 dba Long Distance Billing
Quest Telecommunications, Inc.
Quest Communications - Kansas**
Quintelco, Inc.
Qwest Communications Corp.
Ray A. Bierle
 dba Reliable Communication
RCN Long Distance
Rice Belt Long Distance, Inc.
Robert L. Bates
Ronnie L. Erwin and P. Piper
Roy L. Helton
 dba Delta Payphones
 dba Consumer Access
RSL COM U.S.A., Inc.

Saber Communications, Inc.
SBR, Inc.
Setel, L.L.C.
Shared Communications Services
SmarTalk TeleServices, Inc.
SmarTel Communications, Inc.
Smartstop, Inc.
SNET America, Inc.
Snider Communications Corp.
Southwestern Bell Mobile Systems, Inc.
Southwestern Bell Telephone
Southwestern Telecom, Inc.
Sprint Communications Co., Inc.
Sprint Spectrum L.P.
SprintCom, Inc.
Starlink Communications, LLC
Startec, Inc.
Sterling International Funding, Inc.
 dba Reconex
Strategic Telecom Systems, Inc.
SVV Sales, Inc.
 dba ARCADA Communications
Talking Heads
TCA Long Distance, Inc.
TelCam, Telecommunications Company
 of the Americas, Inc.
Telec, Inc.
Telco Partners, Inc.
Telecard Services International**
Telecare, Inc.
Telecommunications Service Center, Inc.
Teleconnect Long Distance Services &
 Systems Co.
 dba Telcom**
 dba Teleconnect
Teledub Communications
Teledubit, Corp.**
Telegroup, Inc.

Section 4. Jurisdictional Utilities

Interexchange Carriers, Operator Services, Private Pay Telephone, Wireless, and Competitive Access Providers (Continued)

Telehub Network Services Corp.	USA Global Link
Telenational Communications LP	USA Tele Corp.
Teletrust, Inc.	USBG, Inc.
Tel-Link of Arkansas, L.L.C.	USLD Communications
Tel-Save, Inc.	USN Communications Long Distance
Telscape USA, Inc.	USTEL, Inc.
Texarkana Cellular Partnership	USX Consultants, Inc. (UCI)
TLX Communications, Inc. (Telamerica)	Value Added Communications, Inc.
T-NETIX, Inc.	Value Tel, Inc.**
Total Communications Services**	VIP Telephone Network, Inc.
Total National Telecommunications, Inc.	VarTec Telecom, Inc.
dba Total World Telcom	dba VarTec Telcom
TotalTel USA Communications, Inc.	dba Clear Choice Communications
Touch 1 Communications, Inc.	Voice Telephone Co.**
Touch 1 Long Distance, Inc.	Voyager Network, Inc.**
Trans National Communications, Inc.	Wallace Worsham
dba Members Long Distance Advantage	dba Seven Pines Communications
Transcommunications, Inc.	Walnut Hill Cellular Telephone Co.
Trescom, USA, Inc.	WATS/800, Inc.**
Tri County Long Distance, Inc.	Westel, Inc.
TTI National, Inc.	Western Union Communications, Inc.
TW Communications, Inc.	Westinghouse Electric Corp.
dba TWC	dba Westinghouse Communications
U S West Long Distance, Inc.	Wilson Wholesale and Distributing Co.
U.S. Communications, Inc.	Winstar Gateway Network, Inc.
dba USI	Winstar Wireless of Arkansas
dba SW Long Distance Network	Wirelessco, L.P.
U.S. Republic Communications, Inc.	Working Assets Funding Service, Inc.
U.S. WATS, Inc.	dba Working Assets Funding
U.S.A. Global Link, Inc.	Service, Inc.
Unidial, Inc.	WorldCom Network Services, Inc.
United Services Telephone, LLC	dba LDDS WorldCom
United WATS, Inc.	dba Wiltel Network Services
Universal Telecom, Inc.	World Link Communications, Inc.
US Digital Network LP**	World Wide Communications, Inc.
US South Communications	Worldtel Services, Inc.**
dba US South	XIEX Telecommunication, Inc.
dba Incomm	XL Connect**

Section 4. Jurisdictional Utilities

Interexchange Carriers, Operator Services, Private Pay Telephone, Wireless, and Competitive Access Providers (Continued)

XTRACOM, Inc.

Zane Vermillion

Zenex Long Distance, Inc.

Z-Tel, Inc.

****Company's CCN canceled during 1997.**

Section 5. Gas Industry Summary

A. Highlights

Arkansas Western Gas Company (AWG), the State's second largest local distribution company (LDC) had rate requests for both of its divisions pending simultaneously during 1997. AWG's Arkansas Western Gas Division was granted a rate increase which amounted to approximately 70 percent of its original request. This docket remains open pending an appeal at the Arkansas Court of Appeals.

AWG's other division, Associated Natural Gas (ANG), filed a rate case requesting an increase in rates of \$1,576,127. After an investigation by Staff, a stipulation covering most of the issues was reached. Following a hearing on the contested items, the Commission granted ANG an increase which amounted to approximately 77 percent of its original request. In this docket, Staff recommended itemizing separate rate components on customers' bills, and also recommended the implementation of a Weather Normalization Adjustment tariff. The Office of the Attorney General has appealed this docket to the Arkansas Court of Appeals.

In 1997, Staff continued its work on Arkansas Oklahoma Gas Corporation's (AOG) request for a rate increase of \$7,253,787. AOG is the third largest LDC in the State. As with ANG above, Staff recommended itemizing separate rate components on customers' bills, and also recommended the implementation of a Weather Normalization Adjustment tariff. The Commission approved a joint stipulation and agreement, which embodied approximately 48 percent of AOG's original request, and ordered the increase to the residential class to be phased in over a three year period. The docket remains open pending an appeal filed by AOG regarding certain curtailment issues and a separate appeal filed by the Office of the Attorney General regarding certain cost allocation issues.

Other activity in 1997 included APSC Docket No. 97-142-U. This docket was opened on March 31, 1997, to develop an independent study of the staffing levels, inter-company cost allocations, and executive compensation levels of the AWG and ANG divisions of Arkansas Western Gas Company.

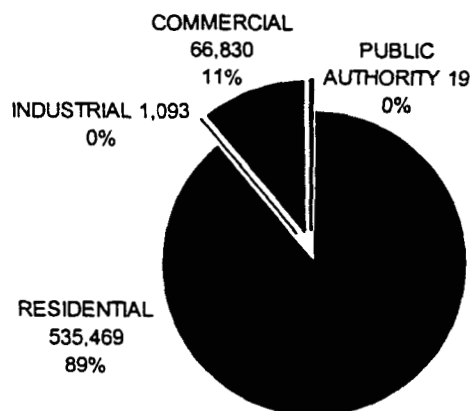
The Gas and Water Section was assigned 16 new gas related cases in 1997 in addition to the nine cases pending at the end of 1996.

Section 5. Gas Industry Summary

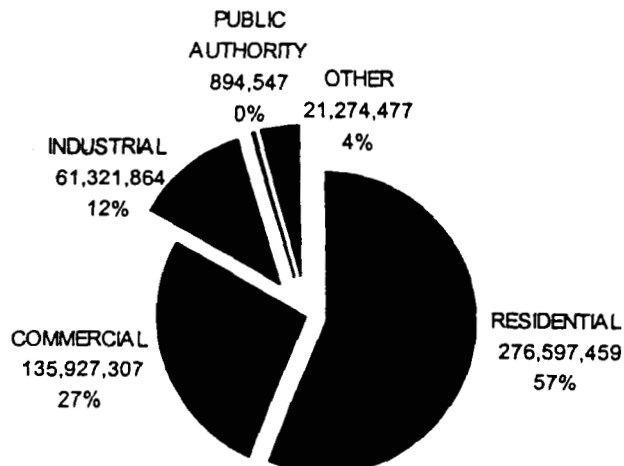
B. Gas Customers & Sales Revenues By Class

The following charts show: 1) the percentage of jurisdictional residential, commercial, industrial, public authority, and other sales revenues; and, 2) the corresponding percentage of residential, commercial, industrial, public authority, and other sales revenues. As can be seen by comparing the two graphs, residential customers represent 89% of all customers, while revenues for those customers only represent 55% of all revenues. In contrast, commercial and industrial sales customers represent 11% and less than one percent of total customers respectively, while their sales revenues account for almost 27% and 12% of total revenues respectively. The public authority class is negligible in terms of the number of customers and revenues.

NUMBER OF GAS CUSTOMERS
by Class for 1996



GAS SALES REVENUE
by Class for 1996



Section 5. Gas Industry Summary

C. Statistical Summaries for Gas

Gas Companies - Arkansas Only Plant Investment; Operating Revenues Year Ended December 31, 1996

COMPANY	PLANT INVESTMENT	OPERATING REVENUE	RATIO(%) OPERATING REVENUE /INVEST.
Arka, a Division of NorAm Energy Corp.	\$355,129,379	\$339,254,948	95.53%
Arkansas Oklahoma Gas Corp.	\$59,891,475	\$47,566,229	79.42%
Arkansas Western Gas Co.	\$188,964,704	\$103,097,653	54.56%
Louisiana-Nevada Transit Co.	\$1,267,000	\$603,165	47.61%
NOARK Pipeline System, Ltd. Partnership	\$103,453,031	\$5,114,426	4.94%
Union Gas Company of Arkansas, Inc. (The)	\$1,593,281	\$1,379,233	86.57%
TOTALS	\$710,298,870	\$497,015,654	69.97%

Section 5. Gas Industry Summary

Gas Companies - Arkansas Only Customers; Mcf Sold; Revenues; Other Statistics Year Ended December 31, 1996

	NO. OF CUSTOMERS	MCF SOLD	REVENUE	AVERAGE REV./PER CUSTOMER	AVERAGE MCF PER CUSTOMER
ARKLA, A DIVISION OF NORAM ENERGY CORP.					
Residential	383,699	31,434,876	\$203,433,993	\$530	82
Commercial	46,623	19,108,644	\$96,865,667	\$2,078	410
Industrial	779	8,927,690	\$30,445,262	\$39,082	11,460
Public Authority	0	0	\$0	\$0	0
Totals Without					
Other Revenues	431,101	59,471,210	\$330,744,922	\$767	138
Other Revenues	N/A	N/A	\$8,510,026	N/A	N/A
TOTALS	431,101	59,471,210	\$339,254,948	N/A	N/A
ARKANSAS OKLAHOMA GAS CORPORATION					
Residential	40,043	3,938,292	\$20,928,926	\$523	98
Commercial	5,348	2,831,018	\$10,963,551	\$2,050.02823	529
Industrial	3	5,449,556	\$13,096,128	\$4,365,376	1,816,519
Public Authority	4	225,693	\$870,195	\$217,549	56,423
Totals without					
Other Revenues	45,398	12,444,559	\$45,858,800	\$1,010	274
Other Revenues	N/A	N/A	\$1,707,429	N/A	N/A
TOTALS	45,398	12,444,559	\$47,566,229	N/A	N/A
ARKANSAS WESTERN GAS COMPANY					
Residential	107,439	9,683,100	\$50,987,798	\$475	90
Commercial	14,387	6,613,319	\$28,615,108	\$1,989	460
Industrial	270	5,344,224	\$17,584,882	\$65,129	19,793
Public Authority	0	0	\$0	\$0	0
Totals without					
Other Revenues	122,096	21,640,643	\$97,187,788	\$796	177
Other Revenues	N/A	N/A	\$5,909,865	N/A	N/A
TOTALS	122,096	21,640,643	\$103,097,653	N/A	N/A

Section 5. Gas Industry Summary

Gas Companies - Arkansas Only Customers; Mcf Sold; Revenues; Other Statistics Year Ended December 31, 1996

	NO. OF CUSTOMERS	MCF SOLD	REVENUES	AVERAGE REV./PER CUSTOMER	AVERAGE MCF PER CUSTOMER
LOUISIANA-NEVADA TRANSIT COMPANY¹					
Residential	1,743	43,086	\$317,700	\$182	25
Commercial	147	8,302	\$56,703	\$386	56
Industrial	41	38,341	\$195,592	\$4,771	935
Public Authority	4	61	\$439	\$110	15
Totals without Other Revenues	1,935	89,790	\$570,434	\$295	46
Other Revenues	N/A	N/A	\$32,731	N/A	N/A
TOTALS	1,935	89,790	\$603,165	N/A	N/A
NOARK PIPELINE SYSTEM, LIMITED PARTNERSHIP					
Residential	0	0	\$0	\$0	0
Commercial	0	0	\$0	\$0	0
Industrial	0	0	\$0	\$0	0
Public Authority	0	0	\$0	\$0	0
Totals without Other Revenues	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$5,114,426	N/A	N/A
TOTALS	0	0	\$5,114,426	N/A	N/A
UNION GAS COMPANY OF ARKANSAS, INC. (THE)					
Residential	2,545	205,333	\$929,042	\$365	81
Commercial	325	104,953	\$426,278	\$1,312	323
Industrial	0	0	\$0	\$0	0
Public Authority	11	5,894	\$23,913	\$2,174	536
Totals without Other Revenues	2,881	316,180	\$1,379,233	\$479	110
Other Revenues	N/A	N/A	\$0	N/A	N/A
TOTALS	2,881	316,180	\$1,379,233	N/A	N/A
Totals Without Other Revenues	603,411	93,962,382	\$475,741,177	\$788	156
TOTALS	603,411	93,962,382	\$497,015,654	N/A	N/A

1. Louisiana Nevada Transit only reporting for two months.

Section 6. Electric Industry Summary

A. Highlights

The electric power industry is at a crossroads with the introduction of competition into what has been a comprehensively regulated industry environment. Change in the industry is already underway, with actual and prospective competitors seeking to expand opportunities to compete with traditional utility generators and previously captive customers demanding the freedom to avail themselves of these alternative sources of supply. With the movement toward potential restructuring of the electric power industry from regulated monopolies to competitive markets, many transition issues will have to be addressed through a comprehensive policy review process in order to achieve an equitable and efficient outcome for Arkansas ratepayers.

In response to the evolving nature of the electric industry, Entergy Arkansas, Inc. (EAI) filed its "Transition to Competition" case in order to address critical regulatory issues before the electric utility industry is restructured. Key transition issues addressed in the EAI case included current and ongoing rate levels, the elimination of class subsidies, and potentially strandable generating plant costs. As a result of the Joint Stipulation and Agreement, Entergy agreed to reduce rates by approximately 18 percent over two years with a \$155 million reduction in rates in 1998 and a \$62 million reduction in rates in 1999. Rates would then be frozen through July 1, 2001. Class subsidies were removed, resulting in the establishment of rates for each class of service based on cost. A Regulatory Earnings Review Procedure Tariff was designed to capture any excess earnings on a current basis beginning with 1997 and a Transition Cost Account was established to be funded by excess earnings determined under the terms of the Regulatory Earnings Review Procedure Tariff. The funds accumulated in the Transition Cost Account will be available to pay, either in whole or in part, any EAI retail stranded costs which may occur whenever retail competition is allowed in Entergy's service area and which are determined to be recoverable from Entergy's ratepayers. If any or all of the funds are not needed for such stranded cost recovery, then they will be returned to ratepayers with interest through refunds and/or rate reductions. In order to reduce its potentially stranded costs, EAI will accelerate the recovery of costs associated with the Grand Gulf nuclear plant, provided that the Federal Energy Regulatory Commission approves the transaction. In addition, the EAI Stipulation and Agreement provided for the establishment by the Commission of generic proceedings to address a wide range of competitive and transition issues, the results of which will be communicated to the General Assembly of Arkansas by October 1, 1998.

During 1997, electric utilities continued to respond to competitive pressures through the design of special rate contracts and tariffs. The Commission approved seven special rate contracts that electric utilities in the State negotiated with large industrial customers

Section 6. Electric Industry Summary

who either demonstrated their ability to utilize an alternative power source or presented an economical relocation alternative.

As a result of Staff's investigations of the earnings of Ouachita Electric Cooperative Corporation and Mississippi County Electric Cooperative their rates were reduced. Ouachita agreed to reduce its rates by \$826,882 and Mississippi County agreed to reduce its rates on an ongoing basis by \$196,769 and to rotate at least \$1,841,530 in capital credits in 1997.

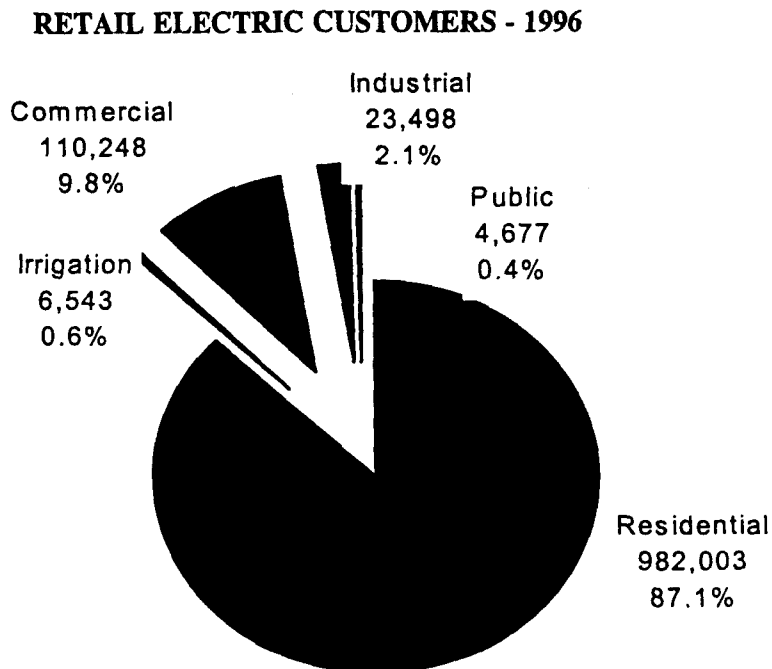
The Electric Section Staff investigated seven applications for Certificates of Convenience and Necessity to construct transmission facilities, and nine applications requesting the release of certain customers from one utility to another. Seven quality of service evaluations were conducted during 1997 to verify utility compliance with Commission standards.

The Electric Section was assigned 52 new cases in 1997, in addition to the 35 dockets being handled at the end of 1996. Twenty-seven of those dockets were tariff filings, seven were promotional practice filings and twelve were utility dockets. The Electric Staff also investigated four formal complaints, two informal complaints, two dockets related to the Public Utility Regulatory Policies Act standards, and two dockets that dealt with the Commission's *General Service Rules*.

Section 6. Electric Industry Summary

B. Electric Customers By Class

The following chart is a graphic representation of the total number of retail electric customers in Arkansas as of December 31, 1996. The chart is divided into five parts to show the proportion for each group. As can easily be seen, residential customers are the largest group, representing 87.1% of all customers. Commercial customers are the next largest group at 9.8% while industrial customers comprise 2.1%, and irrigation customers comprise 0.6%.

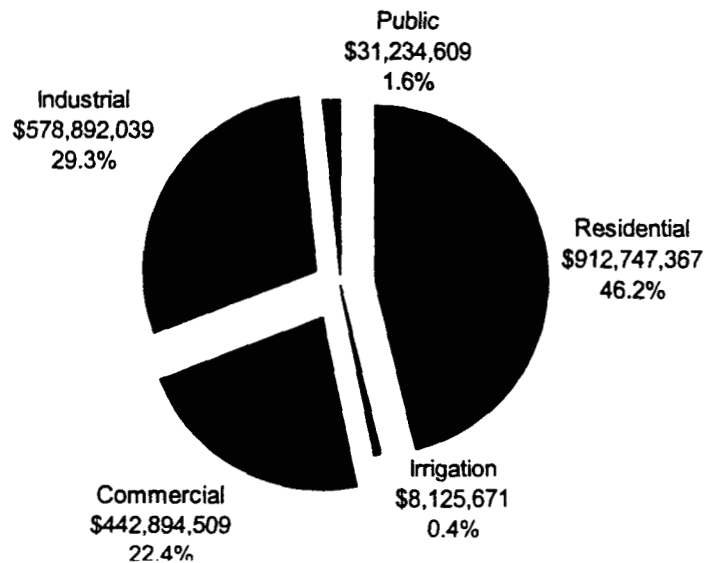


Section 6. Electric Industry Summary

C. Electric Revenues by Class

The following chart represents the retail electric revenues collected in Arkansas as of December 31, 1996. While residential customers represent 87.1% of all customers, they supply only 46.2% of the total revenues. On the other hand, while commercial and industrial customers comprise only 9.8% and 2.1% of the total number of electric customers, respectively, they provide 22.4% and 29.3% of the revenues. The other classes contain only 1.0% of the customers but those customers supply 2.0% of the total retail revenues.

RETAIL ELECTRIC REVENUES



Section 6. Electric Industry Summary

D. Statistical Summaries For Electric Electric Companies - Arkansas Only Plant Investment; Operating Revenues Year Ended December 31, 1996

COMPANY	PLANT INVESTMENT	OPERATING REVENUES	RATIO(%) OPERATING REVENUE /INVEST.
Arkansas Electric Coop. Corp.	\$815,247,827	\$344,318,058	42.23%
Arkansas Valley Electric Coop. Corp.	\$105,381,053	\$41,459,870	39.34%
Ashley-Chicot Electric Coop., Inc.	\$12,571,831	\$5,117,659	40.71%
C & L Electric Coop. Corp.	\$47,096,542	\$20,991,396	44.57%
Carroll Electric Coop. Corp.	\$143,979,959	\$54,751,148	38.03%
Clay County Electric Coop. Corp.	\$29,427,282	\$12,151,031	41.29%
Craighead Electric Coop. Corp.	\$64,734,625	\$23,455,929	36.23%
Empire District Electric Co., (The)	\$11,899,324	\$5,653,012	47.51%
Entergy Arkansas, Inc.	\$4,815,122,322	\$1,707,992,723	35.47%
Farmers Electric Coop. Corp.	\$11,677,056	\$5,441,941	46.60%
First Electric Coop. Corp.	\$155,313,273	\$72,820,579	46.89%
Mississippi County Electric Coop., Inc. ¹	\$13,197,170	\$73,648,727	558.06%
North Arkansas Electric Coop., Inc.	\$84,311,832	\$32,222,073	38.22%
Oklahoma Gas and Electric Co.	\$154,065,888	\$105,028,721	68.17%
Ouachita Electric Coop. Corp.	\$32,058,753	\$13,877,573	43.29%
Ozarks Electric Coop. Corp.	\$74,629,518	\$36,434,610	48.82%
Petit Jean Electric Coop. Corp.	\$42,025,588	\$14,987,743	35.66%
Rich Mountain Electric Coop., Inc.	\$19,712,939	\$6,553,294	33.24%
South Central Ark. Electric Coop., Inc.	\$25,390,425	\$11,253,081	44.32%
Southwest Arkansas Electric Coop. Corp.	\$83,733,327	\$28,735,056	34.32%
Southwestern Electric Power Co.	\$398,806,231	\$190,870,381	47.86%
Woodruff Electric Coop. Corp.	\$65,889,922	\$22,214,342	33.71%
TOTALS	\$7,206,272,687	\$2,829,978,947	39.27%

¹The inclusion of revenues generated by special contract customers including Nucor Steel and Nucor-Yamato compared to the plant investment required to serve the customers results in an unusually high operating revenue/investment ratio.

Section 6. Electric Industry Summary

Electric Companies - Arkansas Only Customers; kWh Sold; Revenues; Other Statistics Year Ended December 31, 1996

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REV./PER CUSTOMER	AVERAGE KWH PER CUSTOMER
ARKANSAS ELECTRIC COOPERATIVE CORPORATION					
Residential	0	0	\$0	\$0	0
Irrigation	0	0	\$0	\$0	0
Commercial	0	0	\$0	\$0	0
Industrial	0	0	\$0	\$0	0
Public Authority	0	0	\$0	\$0	0
Total Retail	0	0	\$0	\$0	0
Wholesale	18	10,667,506,000	\$344,275,351	\$19,126,408	592,639,222
Other Revenues	N/A	N/A	\$42,707	N/A	N/A
TOTALS	18	10,667,506,000	\$344,318,058	N/A	N/A

ARKANSAS VALLEY ELECTRIC COOPERATIVE CORPORATION

Residential	36,995	488,580,704	\$29,853,842	\$807	13,207
Irrigation	0	0	\$0	\$0	0
Commercial	1,849	72,681,023	\$4,158,570	\$2,249	39,308
Industrial	9	181,376,760	\$5,353,348	\$594,816	20,152,973
Public Authority	496	6,807,984	\$444,073	\$895	13,726
Total Retail	39,349	749,446,471	\$39,809,833	\$1,012	19,046
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$1,650,037	N/A	N/A
TOTALS	39,349	749,446,471	\$41,459,870	N/A	N/A

ASHLEY-CHICOT ELECTRIC COOPERATIVE, INC.

Residential	3,494	44,106,198	\$33,391.13	\$9.56	12,623
Irrigation	181	6,544,124	\$588,852.00	\$3,253.33	36,155
Commercial	906	13,463,507	\$1,116,050.00	\$1,231.84	14,860
Industrial	0	0	\$0	\$0	0
Public Authority	17	741,838	\$50,914.00	\$2,994.94	43,638
Total Retail	4,598	64,855,667	\$1,789,207.13	\$389.13	14,105
Wholesale	0	0	\$0.00	\$0.00	0
Other Revenues	N/A	N/A	\$22,730.00	N/A	N/A
TOTALS	4,598	64,855,667	\$1,811,937.13	N/A	N/A

Section 6. Electric Industry Summary

Electric Companies - Arkansas Only Customers; kWh Sold; Revenues; Other Statistics Year Ended December 31, 1996

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REV./PER CUSTOMER	AVERAGE KWH PER CUSTOMER
C & L ELECTRIC COOPERATIVE CORPORATION					
Residential	16,456	188,971,716	\$15,049,239	\$915	11,483
Irrigation	521	365,415,100	\$478,285	\$918	7,014
Commercial	1,381	43,340,557	\$3,201,335	\$2,318	31,383
Industrial	7	10,601,280	\$739,734	\$105,676	1,514,469
Public Authority	351	4,950,270	\$380,656	\$1,084	14,103
Total Retail	18,716	251,517,974	\$19,849,249	\$1,061	13,439
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$1,142,147	N/A	N/A
TOTALS	18,716	251,517,974	\$20,991,396	N/A	N/A
CARROLL ELECTRIC COOPERATIVE CORPORATION					
Residential	46,197	586,835,032	\$39,403,319	\$853	12,703
Irrigation	0	0	\$0	\$0	0
Commercial	2,768	132,257,479	\$8,111,695	\$2,931	47,781
Industrial	7	170,554,055	\$5,955,139	\$850,734	24,364,865
Public Authority	51	3,100,647	\$214,726	\$4,210	60,797
Total Retail	49,023	892,747,213	\$53,684,879	\$1,095	18,211
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$1,066,269	N/A	N/A
TOTALS	49,023	892,747,213	\$54,751,148	N/A	N/A
CLAY COUNTY ELECTRIC COOPERATIVE CORPORATION					
Residential	9,596	88,213,664	\$7,033,097	\$733	9,193
Irrigation	549	2,413,535	\$312,392	\$569	4,396
Commercial	990	38,848,551	\$2,874,085	\$2,903	39,241
Industrial	9	27,312,440	\$1,684,909	\$187,212	3,034,716
Public Authority	83	1,617,074	\$127,403	\$1,535	19,483
Total Retail	11,227	158,405,264	\$12,031,886	\$1,072	14,109
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$119,145	N/A	N/A
TOTALS	11,227	158,405,264	\$12,151,031	N/A	N/A

Section 6. Electric Industry Summary

Electric Companies - Arkansas Only Customers; kWh Sold; Revenues; Other Statistics Year Ended December 31, 1996

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REV./PER CUSTOMER	AVERAGE KWH PER CUSTOMER
CRAIGHEAD ELECTRIC COOPERATIVE CORPORATION					
Residential	19,252	241,050,367	\$16,606,645	\$863	12,521
Irrigation	1,026	8,761,485	\$778,267	\$759	8,539
Commercial	3,443	64,618,101	\$4,695,889	\$1,364	18,768
Industrial	7	21,891,830	\$1,212,123	\$173,160	3,127,404
Public Authority	23	519,058	\$40,020	\$1,740	22,568
Total Retail	23,751	336,840,841	\$23,332,944	\$982	14,182
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$122,985	N/A	N/A
TOTALS	23,751	336,840,841	\$23,455,929	N/A	N/A

EMPIRE DISTRICT ELECTRIC COMPANY, (THE)

Residential	2,780	29,331,073	\$1,628,272	\$586	10,551
Irrigation	0	0	\$0	\$0	0
Commercial	608	27,420,714	\$1,537,960	\$2,530	45,100
Industrial	8	60,002,338	\$2,162,827	\$270,353	7,500,292
Public Authority	84	4,612,779	\$211,647	\$2,520	54,914
Total Retail	3,480	121,366,904	\$5,540,706	\$1,592	34,876
Wholesale	1	454,000	\$12,814	\$12,814	454,000
Other Revenues	N/A	N/A	\$99,493	N/A	N/A
TOTALS	3,481	121,820,904	\$5,653,013	N/A	N/A

ENTERGY ARKANSAS, INC.

Residential	523,797	6,022,479,073	\$546,066,897	\$1,043	11,498
Irrigation	0	0	\$0	\$0	0
Commercial	68,020	4,390,355,245	\$323,327,156	\$4,753	64,545
Industrial	22,128	6,487,119,424	\$364,937,000	\$16,492	293,163
Public Authority	453	234,146,030	\$16,989,248	\$37,504	516,879
Total Retail	614,398	17,134,099,772	\$1,251,320,301	\$2,037	27,888
Wholesale	14	15,750,467,916	\$420,697,499	\$30,049,821	1,125,033,423
Other Revenues	N/A	N/A	\$35,974,923	N/A	N/A
TOTALS	614,412	32,884,567,688	\$1,707,992,723	N/A	N/A

Section 6. Electric Industry Summary

Electric Companies - Arkansas Only Customers; kWh Sold; Revenues; Other Statistics Year Ended December 31, 1996

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REV./PER CUSTOMER	AVERAGE KWH PER CUSTOMER
FARMERS ELECTRIC COOPERATIVE CORPORATION					
Residential	4,162	47,164,413	\$3,608,937	\$867	11,332
Irrigation	509	7,506,391	\$750,017	\$1,474	14,747
Commercial	422	14,560,432	\$976,952	\$2,315	34,503
Industrial	0	0	\$0	\$0	0
Public Authority	10	393,483	\$30,756	\$3,076	39,348
Total Retail	5,103	69,624,719	\$5,366,662	\$1,052	13,644
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$75,279	N/A	N/A
TOTALS	5,103	69,624,719	\$5,441,941	N/A	N/A
FIRST ELECTRIC COOPERATIVE CORPORATION					
Residential	56,617	741,741,623	\$53,780,243	\$950	13,101
Irrigation	649	27,394,095	\$2,002,499	\$3,086	42,210
Commercial	1,799	121,944,919	\$7,305,505	\$4,061	67,785
Industrial	2	264,542,756	\$7,456,595	\$3,728,298	132,271,378
Public Authority	376	16,943,828	\$1,098,591	\$2,922	45,063
Total Retail	59,443	1,172,567,221	\$71,643,433	\$1,205	19,726
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$1,177,146	N/A	N/A
TOTALS	59,443	1,172,567,221	\$72,820,579	N/A	N/A
MISSISSIPPI COUNTY ELECTRIC COOPERATIVE, INC.					
Residential	3,159	43,866,330	\$2,550,819	\$807	13,886
Irrigation	64	1,316,892	\$87,333	\$1,365	20,576
Commercial	425	12,815,379	\$682,906	\$1,607	30,154
Industrial ¹	12	2,620,656,620	\$70,213,711	\$5,851,143	218,388,052
Public Authority	35	1,380,954	\$84,009	\$2,400	39,456
Total Retail	3,695	2,680,036,175	\$73,618,778	\$19,924	725,314
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$29,949	N/A	N/A
TOTALS	3,695	2,680,036,175	\$73,648,727	N/A	N/A

¹The inclusion of sales and revenues generated by special contract customers including Nucor Steel and Nucor-Yamato cause these abnormally high numbers.

Section 6. Electric Industry Summary

Electric Companies - Arkansas Only Customers; kWh Sold; Revenues; Other Statistics Year Ended December 31, 1996

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REV./PER CUSTOMER	AVERAGE KWH PER CUSTOMER
NORTH ARKANSAS ELECTRIC COOPERATIVE, INC.					
Residential	25,498	295,722,323	\$22,549,037	\$884	11,598
Irrigation	0	0	\$0	\$0	0
Commercial	2,076	80,128,633	\$5,236,701	\$2,522	38,598
Industrial	5	73,144,664	\$3,627,170	\$725,434	14,628,933
Public Authority	327	5,547,045	\$416,912	\$1,275	16,963
Total Retail	27,906	454,542,665	\$31,829,820	\$1,141	16,288
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$392,253	N/A	N/A
TOTALS	27,906	454,542,665	\$32,222,073	N/A	N/A

OKLAHOMA GAS and ELECTRIC COMPANY

Residential	49,959	607,009,034	\$32,136,386	\$643	12,150
Irrigation	0	0	\$0	\$0	0
Commercial	7,294	511,787,494	\$22,964,585	\$3,148	70,166
Industrial	460	912,705,405	\$26,993,111	\$58,681	1,984,142
Public Authority	916	93,661,551	\$4,548,932	\$4,966	102,251
Total Retail	58,629	2,125,163,484	\$86,643,014	\$1,478	36,248
Wholesale	19	631,145,044	\$19,256,025	\$1,013,475	33,218,160
Other Revenues	N/A	N/A	\$334,821	N/A	N/A
TOTALS	58,648	2,756,308,528	\$106,233,860	N/A	N/A

OUACHITA ELECTRIC COOPERATIVE CORPORATION

Residential	7,250	82,766,124	\$6,448,646	\$889	11,416
Irrigation	0	0	\$0	\$0	0
Commercial	922	52,843,198	\$4,063,314	\$4,407	57,314
Industrial	14	40,724,572	\$2,898,879	\$207,063	2,908,898
Public Authority	207	1,984,976	\$152,057	\$735	9,589
Total Retail	8,393	178,318,870	\$13,562,896	\$1,616	21,246
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$314,477	N/A	N/A
TOTALS	8,393	178,318,870	\$13,877,373	N/A	N/A

Section 6. Electric Industry Summary

Electric Companies - Arkansas Only Customers; kWh Sold; Revenues; Other Statistics Year Ended December 31, 1996

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REV./PER CUSTOMER	AVERAGE KWH PER CUSTOMER
OZARKS ELECTRIC COOPERATIVE CORPORATION					
Residential	33,496	414,715,278	\$26,688,334	\$797	12,381
Irrigation	0	0	\$0	\$0	0
Commercial	485	19,865,930	\$1,205,941	\$2,486	40,961
Industrial	198	138,427,811	\$7,386,896	\$37,308	699,130
Public Authority	171	10,831,981	\$703,043	\$4,111	63,345
Total Retail	34,350	583,841,000	\$35,984,214	\$1,048	16,997
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$450,396	N/A	N/A
TOTALS	34,350	583,841,000	\$36,434,610	N/A	N/A
PETIT JEAN ELECTRIC COOPERATIVE CORPORATION					
Residential	14,573	147,804,861	\$10,693,437	\$734	10,142
Irrigation	0	0	\$0	\$0	0
Commercial	1,229	40,159,103	\$2,678,844	\$2,180	32,676
Industrial	7	18,575,200	\$1,121,895	\$160,271	2,653,600
Public Authority	263	4,231,735	\$323,137	\$1,229	16,090
Total Retail	16,072	210,770,899	\$14,817,313	\$922	13,114
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$170,430	N/A	N/A
TOTALS	16,072	210,770,899	\$14,987,743	N/A	N/A
RICH MOUNTAIN ELECTRIC COOPERATIVE, INC.					
Residential	6,270	75,892,987	\$5,748,166	\$917	12,104
Irrigation	0	0	\$0	\$0	0
Commercial	294	10,482,573	\$717,799	\$2,441	35,655.01
Industrial	0	0	\$0	\$0	0
Public Authority	0	0	\$0	\$0	0
Total Retail	6,564	86,375,560	\$6,465,965	\$985	13,159
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$87,329	N/A	N/A
TOTALS	6,564	86,375,560	\$6,553,294	N/A	N/A

Section 6. Electric Industry Summary

Electric Companies - Arkansas Only Customers; kWh Sold; Revenues; Other Statistics Year Ended December 31, 1996

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REV./PER CUSTOMER	AVERAGE KWH PER CUSTOMER
SOUTH CENTRAL ARKANSAS ELECTRIC COOPERATIVE, INC.					
Residential	8,446	89,150,810	\$6,249,061	\$740	10,555
Irrigation	1	94,587	\$9,140	\$9,140	94,587
Commercial	430	14,088,320	\$872,406	\$2,029	32,764
Industrial	4	102,946,614	\$4,044,900	\$1,011,225	25,736,654
Public Authority	8	173,104	\$14,561	\$1,820	21,638
Total Retail	8,889	206,453,435	\$11,190,068	\$1,259	23,226
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$63,013	N/A	N/A
TOTALS	8,889	206,453,435	\$11,253,081	N/A	N/A

SOUTHWEST ARKANSAS ELECTRIC COOPERATIVE CORPORATION

Residential	20,234	259,511,357	\$18,247,799	\$902	12,826
Irrigation	0	0	\$0	\$0	0
Commercial	1,693	69,086,364	\$4,727,083	\$2,792	40,807
Industrial	4	130,047,442	\$5,338,453	\$1,334,613	32,511,861
Public Authority	10	398,342	\$28,851	\$2,885	39,834
Total Retail	21,941	459,043,505	\$28,342,186	\$1,292	20,922
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$392,870	N/A	N/A
TOTALS	21,941	459,043,505	\$28,735,056	N/A	N/A

SOUTHWESTERN ELECTRIC POWER COMPANY

Residential	80,551	842,213,062	\$52,397,514	\$650	10,456
Irrigation	0	0	\$0	\$0	0
Commercial	12,548	745,898,559	\$38,998,404	\$3,108	59,444
Industrial	608	1,596,503,240	\$65,105,340	\$107,081	2,625,828
Public Authority	786	90,983,177	\$5,345,345	\$6,801	115,755
Total Retail	94,493	3,275,598,038	\$161,846,603	\$1,713	34,665
Wholesale	6	608,948,000	\$19,373,971	\$3,228,995	101,491,333
Other Revenues	N/A	N/A	\$9,621,259	N/A	N/A
TOTALS	94,499	3,884,546,038	\$190,841,833	N/A	N/A

Section 6. Electric Industry Summary

Electric Companies - Arkansas Only Customers; kWh Sold; Revenues; Other Statistics Year Ended December 31, 1996

	NO. OF CUSTOMERS	KWH SOLD	REVENUES	AVERAGE REV./PER CUSTOMER	AVERAGE KWH PER CUSTOMER
WOODRUFF ELECTRIC COOPERATIVE CORPORATION					
Residential	13,221	156,335,034	\$12,668,564	\$958	11,825
Irrigation	3,043	36,295,146	\$3,118,886	\$1,025	11,927
Commercial	666	47,793,216	\$3,441,329	\$5,167	71,762
Industrial	9	54,352,010	\$2,660,009	\$295,557	6,039,112
Public Authority	10	252,899	\$29,728	\$2,973	25,290
Total Retail	16,949	295,028,305	\$21,918,516	\$1,293	17,407
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$295,826	N/A	N/A
TOTALS	16,949	295,028,305	\$22,214,342	N/A	N/A
 Total Retail	 1,126,969	 31,506,743,982	 \$1,973,894,195	 \$1,752	 27,957
TOTALS	1,127,027	59,165,264,942	\$2,831,155,339	N/A	N/A

Section 7.

Telecommunications Industry Summary

A. Highlights

In 1997, there were 467 dockets initiated, and the Telecommunications Section had the primary responsibility for 356 of those. Summaries of the significant telecommunications issues are provided below.

On February 4, 1997, Act 77 became law and significantly altered the regulation of the telecommunications industry in Arkansas. For incumbent local exchange carriers (ILECs), Act 77 provides for three forms of regulation: traditional rate base rate of return regulation, a form of price cap regulation, and a rural carrier option. Shortly following the Act's passage, two ILECs elected regulation under the price cap option and 20 ILECs elected regulation under the rural carrier option. Additionally, 28 companies filed applications for authority to operate as competitive local exchange carriers (CLECs), and 13 were authorized during 1997. Also, there were 31 interconnection agreements between ILECs and CLECs filed during 1997, and 26 were approved.

Historically, the ILECs have provided intraLATA toll service through the Arkansas IntraLATA Toll Pool (AITP) charging uniform statewide toll rates. In response to a petition by GTE, the Commission determined that participation in the AITP became voluntary, because Section 11 (f) of Act 77 removed its authority to require electing ILECs to maintain statewide average rates. Consequently, most ILECs selecting alternative regulation pursuant to Act 77 exited the AITP.

Section 4 (e) (4) (D) of Act 77 froze the Arkansas Intrastate Carrier Common Line Pool (AICCLP) charges at the December 31, 1996, level. Alltel filed a petition requesting that the Commission find that all AICCLP charges be settled directly with the pool. A hearing is scheduled in early 1998 to consider Alltel's petition. Also, the ILECs filed a petition to eliminate a \$4.8 million credit to the interexchange carriers included in the AICCLP charges. The Commission has scheduled a hearing in early 1998 to consider that petition as well.

Section 7 (a) of Act 77 caps the switched access charges of electing ILECs. The ILECs charge interexchange carriers switched access charges pursuant to their tariffs to complete interexchange calls using their network. In the past, the ILECs have settled the switched access charges associated with ILEC to ILEC interexchange traffic through the AITP. Staff filed a petition arguing that the ILECs tariffed switched access rates serve as the cap for the switched access service for ILEC to ILEC interexchange traffic as well as the interexchange traffic provided by other telecommunications providers. The Commission has scheduled a hearing in early 1998 to consider the petition.

Sections 4 and 5 of Act 77 provide for the Arkansas Universal Service Fund (AUSF) and the Commission implemented the AUSF and adopted the *Universal Service Fund Rules*. The AUSF provides, among other things, for the replacement of the ILECs' revenues from certain sources. Almost all of the ILECs requested AUSF support for the

Section 7.

Telecommunications Industry Summary

reduction in revenues caused by the demise of the AITP. The Commission has scheduled a hearing in early 1998 to consider requests by certain telecommunications providers to reconsider the initial level of AUSF support provided to the requesting ILECs.

Act 77 required the Commission to revise its rules to become consistent with the Act and the Federal Telecommunications Act of 1996. The Commission adopted the *Telecommunications Provider Rules* and modified the *General Service Rules* and *Rules of Practice and Procedure*. Additionally, the Commission eliminated the *Special Rules - Telecommunications* and the *Rules for Interexchange Carriers*. The Commission also modified and substantially reduced the annual reporting requirements for ILECs.

In other telecommunications activity, the conversion to all one-party, digitally switched service was completed by the ILECs. Also, the State was divided into two numbering plan areas (NPAs). The existing 501 NPA was limited to Central and Northwest Arkansas, and a new 870 NPA was assigned to the remainder of the State. GTE became the first ILEC to offer intraLATA equal access meaning that its customers can access the intraLATA carrier of choice simply by dialing 1+.

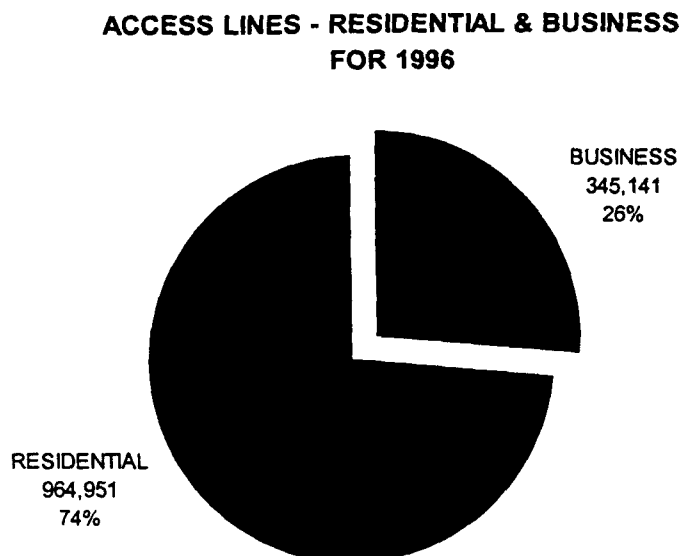
Southwestern Bell continued its efforts attempting to satisfy the requirements of the Federal Telecommunications Act of 1996 necessary to offer in-region interLATA service. The Company submitted 26 interconnection agreements for Commission approval and filed a statement of generally available terms and conditions which was allowed to become effective pending further review.

Section 7.

Telecommunications Industry Summary

B. Access Lines By Class

The pie chart shown below is a graphic representation of the number of access lines, by category, at the end of 1996. Total access lines on December 31, 1996, were 1,310,092. Of that total, 74% were residential and 26% were business. Residential access lines increased from 933,068 at the end of 1995 to 964,951 at the end of 1996. Business access lines increased from 326,433 at the end of 1995 to 345,141 at the end of 1996.



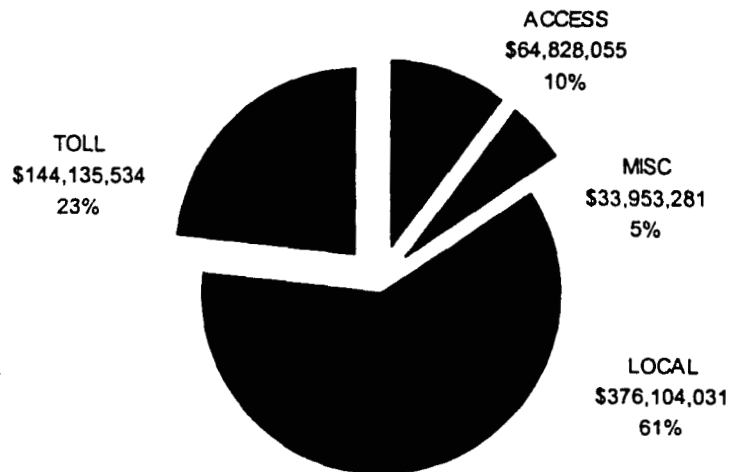
Section 7.

Telecommunications Industry Summary

C. Telephone Revenues by Category

The pie chart shown below depicts the various revenue sources for local exchange companies during 1996. Total intrastate telephone industry revenues in Arkansas for 1996 were \$619,020,901. Local Service revenue made up approximately 62% of that total or \$376,104,031. Toll Revenue made up approximately 23% of the total or \$144,135,534. Access charges generated revenues of \$64,828,055. The industry also had miscellaneous revenues of \$33,953,281.

TELEPHONE REVENUES BY CATEGORY
FOR 1996



Section 7.

Telecommunications Industry Summary

D. Statistical Summaries For Telecommunications

Telephone Companies - Intrastate Telephone Investment; Operating Revenues Year Ended December 31, 1996

COMPANY	PLANT INVESTMENT	OPERATING REVENUE	RATIO(%) OPERATING REVENUE /INVEST.
ALLTEL Arkansas, Inc.	\$287,309,563	\$51,426,520	17.90%
Arkansas Telephone Co., Inc.	\$19,116,791	\$2,435,503	12.74%
Central Arkansas Telephone Coop., Inc.	\$8,322,528	\$1,508,098	18.12%
Century Telephone of Arkansas, Inc.	\$71,869,892	\$8,881,184	12.36%
Century Telephone of Mountain Home, Inc.	\$55,295,162	\$7,691,991	13.91%
Century Telephone of Northwest Louisiana, Inc.	\$802,523	\$141,628	17.65%
Century Telephone of Redfield, Inc.	\$4,826,665	\$1,062,986	22.02%
Century Telephone of South Arkansas, Inc.	\$5,075,761	\$558,958	11.01%
Cleveland County Telephone Co., Inc.	\$9,917,645	\$1,710,780	17.25%
Decatur Telephone Co., Inc.	\$3,377,712	\$642,900	19.03%
E. Ritter Telephone Company	\$10,134,485	\$1,969,002	19.43%
GTE Arkansas, Inc.	\$275,597,541	\$37,475,377	13.60%
GTE Midwest, Inc.	\$2,769,449	\$463,912	16.75%
GTE Southwest, Inc.	\$237,554,573	\$46,945,347	19.76%
Lavaca Telephone Co., Inc.	\$3,297,056	\$825,069	25.02%
Madison County Telephone Co., Inc.	\$9,566,717	\$1,483,651	15.51%
Magazine Telephone Co., Inc.	\$2,496,330	\$306,157	12.26%
Mountain View Telephone Co.	\$12,926,554	\$1,964,173	15.19%
Northern Arkansas Telephone Co., Inc.	Information was not Provided	\$3,910,566	Information was not Provided

Section 7.

Telecommunications Industry Summary

Telephone Companies - Intrastate Telephone Investment; Operating Revenues Year Ended December 31, 1996

<u>COMPANY</u>	<u>PLANT INVESTMENT</u>	<u>OPERATING REVENUE</u>	<u>RATIO(%) OPERATING REVENUE /INVEST.</u>
Ozark Telephone Company	\$115,073	\$43,163	37.51%
Prairie Grove Telephone Co.	\$18,153,172	\$3,484,818	19.20%
Rice Belt Telephone Co., Inc.	\$3,244,785	\$627,620	19.34%
Scott County Telephone Co., Inc.	\$1,577,730	\$308,032	19.52%
South Arkansas Telephone Co., Inc.	\$4,229,263	\$2,019,634	47.75%
Southwest Ark. Telephone Coop., Inc.	Information was not Provided	\$2,299,592	Information was not Provided
Southwestern Bell Telephone Co.	\$1,906,722,512	\$437,613,987	22.95%
Tri-County Telephone Co., Inc.	\$20,200,097	\$2,822,858	13.97%
Walnut Hill Telephone Co.	Information was not Provided	\$4,621,997	Information was not Provided
Yelcot Telephone Co., Inc.	\$11,667,978	\$2,124,437	18.21%
Yell County Telephone Co.	<u>\$14,786,452</u>	<u>\$2,483,116</u>	<u>16.79%</u>
TOTALS	\$3,000,954,009	\$629,853,056	20.99%

American Communications Services of Little Rock, Inc. and Brooks Fiber Communications of Arkansas were not required to provide this information pursuant to Docket No. 97-040-R.

Section 7.

Telecommunications Industry Summary

Telephone Companies - Arkansas Only Access Lines Year Ended December 31, 1996

COMPANY	RESIDENTIAL & RURAL	BUSINESS	TOTAL
ALLTEL Arkansas, Inc.	75,915	11,319	87,234
Arkansas Telephone Co., Inc.	6,167	1,292	7,459
Central Arkansas Telephone Cooperative, Inc.	2,480	231	2,711
Century Telephone of Arkansas, Inc.	14,053	2,672	16,725
Century Telephone of Mountain Home, Inc.	15,790	3,676	19,466
Century Telephone of Northwest Louisiana, Inc.	7,625	1,641	9,266
Century Telephone of Redfield, Inc.	1,583	195	1,778
Century Telephone of South Arkansas, Inc.	615	72	687
Cleveland County Telephone Co., Inc.	2,742	367	3,109
Decatur Telephone Co., Inc.	721	472	1,193
E. Ritter Telephone Co.	3,684	685	4,369
GTE Arkansas, Inc.	91,333	20,735	112,068
GTE Midwest, Inc.	856	203	1,059
GTE Southwest, Inc.	66,962	12,406	79,368
Lavaca Telephone Co., Inc.	1,383	163	1,546
Madison County Telephone Co., Inc.	2,535	778	3,313
Magazine Telephone Co., Inc.	786	112	898
Mountain View Telephone Co.	4,630	1,399	6,029
Northern Arkansas Telephone Co., Inc.	5,578	1,236	6,814
Ozark Telephone Co.	104	5	109
Prairie Grove Telephone Co.	7,172	1,100	8,272

Section 7.

Telecommunications Industry Summary

Telephone Companies - Arkansas Only Access Lines Year Ended December 31, 1996

<u>COMPANY</u>	<u>RESIDENTIAL & RURAL</u>	<u>BUSINESS</u>	<u>TOTAL</u>
Rice Belt Telephone Co., Inc.	744	325	1,069
Scott County Telephone Co., Inc.	113	9	122
South Arkansas Telephone Co., Inc.	3,000	704	3,704
Southwest Arkansas Telephone Cooperative, Inc.	4,599	385	4,984
Southwestern Bell Telephone Co.	627,633	279,905	907,538
Tri-County Telephone Co., Inc.	5,148	739	5,887
Walnut Hill Telephone Co.	4,387	721	5,108
Yelcot Telephone Co., Inc.	2,748	575	3,323
Yell County Telephone Co.	3,865	1,019	4,884
TOTALS	964,951	345,141	1,310,092

American Communication Services of Little Rock, Inc. and Brooks Fiber Communications of Arkansas were not required to provide the Access Line information pursuant to Docket No. 97-040-R.

Section 7.

Telecommunications Industry Summary

E. Interexchange Carriers, Operator Services

Private Pay Telephone and Wireless Providers

Arkansas Revenues; System Revenues

Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
111 Center Street LTD Partnership	\$45,991	\$45,991	100.00%
360 Long Distance, Inc.	\$0	\$401,198	0.00%
A-South Pay Phone d/b/a Kathy Akin	\$329	\$329	100.00%
ACC National Long Distance Corp.	\$1,318	\$1,366,852	0.10%
Advanced Telecommunication Network, Inc.	\$61,627	\$27,032,196	0.23%
Affinity Corp.	\$107,355	\$22,348,682	0.48%
Affinity Network, Inc.	\$1,245	\$16,195	7.69%
All American Telephone, Inc.	\$0	\$825,917	0.00%
ALLTEL - Arkansas RSA #1.	\$2,039,310	\$2,087,796	97.68%
ALLTEL - Arkansas RSA # 9	\$988,048	\$1,003,712	98.44%
ALLTEL Cellular Associates of Arkansas	\$45,963,195	\$47,084,045	97.62%
ALLTEL - Central Arkansas Cellular	\$33,607,991	\$34,628,727	97.05%
ALLTEL - Fayetteville MSA Ltd. Ptnshp.	\$14,587,672	\$14,938,230	97.65%
ALLTEL - Fort Smith MSA Ltd. Ptnshp.	\$13,108,438	\$13,427,225	97.63%
ALLTEL - Northwest Arkansas Ltd. Ptnshp.	\$2,633,783	\$2,693,272	97.79%
ALLTEL -RSA # 2 Searcy County	\$135,064	\$137,959	97.90%
Alternate Communications Technology, Inc.	\$0	\$704,157	0.00%
American Business Alliance, Inc.	\$1,169	\$1,210,531	0.10%
American Express Telecom, Inc.	\$3,291	\$4,693,381	0.07%
American International Telephone, Inc.	\$16,919	\$7,074,710	0.24%

Section 7.

Telecommunications Industry Summary

Private Pay Telephone and Wireless Providers Arkansas Revenues; System Revenues Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
American Telco, Inc.	\$1,930	\$43,891,735	0.00%
American Telecommunications Enterprise, Inc.	\$1,365	\$73,832	1.85%
American Teletronics Long Distance, Inc.	\$864	not available	0.00%
America's Tele-Network Corp.	\$5,186	\$17,596	29.47%
AmeriConnect, Inc.	\$7,770	\$15,470,079	0.05%
Amer-I-Net Services Corp.	\$0	\$12,933	
Ameritech Communications International, Inc.	\$0	\$0	0.00%
Ameritech Pay Phone Services, Inc.	\$0	\$0	0.00%
Ameritel Pay Phones, Inc.	\$466,494	\$28,972,361	1.61%
AmeriVision Communications, Inc.	\$338,991	\$27,316,572	1.24%
Anchor Communications Corporation	\$559	\$67,728	0.83%
Arkansas 12 Cellular Corporation	\$7,343,035	\$8,507,037	86.32%
Arkansas Com-Tech Services	\$0	\$0	0.00%
Arkansas Pay Phone, Inc.	\$4,937	\$4,937	
Arkla Long Distance Service	\$130,704	\$485,921	26.90%
Associated Business Telephone Systems Corp.	\$20	\$743	2.69%
ATCALL, Inc.	\$175	\$2,357,875	0.01%
Athena International, LLC	\$0	\$26,000,000	0.00%
Atlas Communications, LTD	\$3,213	\$7,218,717	0.04%
AT&T Communications of the Southwest, Inc.	\$73,645,314	\$40,947,035,539	0.18%
Automated Coin Call, Inc.	\$0	\$0	0.00%
BellSouth Long Distance, Inc.	\$0	\$0	0.00%

Section 7.

Telecommunications Industry Summary

Private Pay Telephone and Wireless Providers Arkansas Revenues; System Revenues Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
Bel-Save, Inc.	\$7,391	\$1,562,967	0.47%
BFI Communications, Inc.	\$0	\$1,500,000	0.00%
BLT Technologies, Inc.	\$62,009	\$44,258,033	0.14%
Brittan Communications International, Inc.	\$8,998	\$40,287,867	0.02%
Budget Call Long Distance	\$0	\$54,125,207	0.00%
Business Discount Plan, Inc.	\$200,913	\$47,283,797	0.42%
Business Telecom, Inc.	\$14,315	\$148,912,726	0.01%
Cable & Wireless Communications, Inc.	\$248,910	\$852,507,782	0.03%
Calls for Less, Inc.	\$20,728	\$1,108,855	1.87%
Capital Network System, Inc.	\$3,415	\$108,744	3.14%
Caprock Communications Corp.	\$0	\$23,238,744	0.00%
CCI RSA, Inc.	\$2,167,889	\$2,260,091	95.92%
Centercom Arkansas Limited Ptnshp.	\$1,820,262	\$1,820,262	100.00%
Central Payphone Services, Inc.	\$0	\$0	0.00%
Century Cellunet of Arkansas RSA #12	\$4,162,127	\$4,331,266	96.09%
Century Cellunet of North Arkansas Cellular LP.	\$3,555,781	\$3,629,363	97.97%
Century Cellunet of Pine Bluff, Inc.	\$1,401,990	\$1,453,970	96.43%
Century Cellunet of Southwest Arkansas Cellular LP	\$3,579,499	\$6,941,917	51.56%
Century Telecommunications, Inc.	\$2,437,914	\$27,231,023	8.95%
CFW Communications Services, Inc.	\$190	\$2,017,583	0.01%

Section 7.

Telecommunications Industry Summary

Private Pay Telephone and Wireless Providers Arkansas Revenues; System Revenues Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
Charles J. Cook d/b/a Casco Pay Phones	\$1,377	\$313,568	0.44%
Chatterbox, The	\$0	\$0	0.00%
Cherry Communications, Inc.	\$29,359	\$363,464,759	0.01%
Cincinnati Bell Long Distance, Inc.	\$834	\$60,807,243	0.00%
Citizens Telecommunications Co., Inc.	\$125	\$63,799,102	0.00%
Clay Cellular Corporation	\$1,522,976	\$1,922,550	79.22%
Coast International, Inc.	\$26,141	\$9,758,674	0.27%
Coastal Telecom Limited Co.	\$308,035	\$8,030,533	3.84%
Colorado River Communications Corp.	\$155	\$10,218,347	0.00%
Comdata Telecommunications Services, Inc.	\$0	\$0	0.00%
Common Concerns, Inc.	\$0	\$7,455	0.00%
Commonwealth Long Distance Company	\$0	\$35,924,060	0.00%
Communications Cable-Laying Company, Inc.	\$233,145	\$6,113,070	3.81%
Communications Central of Georgia, Inc.	\$31,121	\$50,454,133	0.06%
Communi-Group, Inc.	\$1,904,574	\$4,616,108	41.26%
Communigroup of K.C., Inc.	\$365,675	\$34,853,201	1.05%
Com-Tech Resources, Inc.	\$1,943	\$3,365,253	0.06%
Connect America Communications, Inc.	\$2,167	\$3,431,027	0.06%
ConQuest Operator Services Corp.	\$29,272	\$37,774,978	0.08%
Consolidated Communications Telecom Services, Inc.	\$3,791	\$95,190,714	0.00%
Corporate Services Telcom, Inc.	\$2,029	\$2,580,463	0.08%

Section 7.

Telecommunications Industry Summary

Private Pay Telephone and Wireless Providers Arkansas Revenues; System Revenues Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
D.D.D. Calling, Inc.	\$0	\$0	0.00%
Davel Communications Group, Inc.	\$14,333	\$25,670,119	0.06%
Deltacom, Inc.	\$23,249	\$67,413,122	0.03%
DeltaTel, Inc.	\$87	\$1,262,978	0.01%
Dewey Pruitt	\$645	\$788	81.85%
Dial & Save of ARK, Inc.	\$1,754,416	\$3,470,445	50.55%
Digital Network Services, Inc.	\$46,019	\$3,468,670	1.33%
Discount Network Services, Inc.	\$0	\$1,912,971	0.00%
Eastern Telecommunications, Inc.	\$942	\$4,751,365	0.02%
Easton Telecom Services, Inc.	\$1,203	\$4,527,625	0.03%
EconoPhone, Inc.	\$1,726	\$18,185,110	0.01%
Enterprise Telecom Services, Inc.	\$0	\$0	0.00%
Epoch Networks, Inc. d/b/a HLC Internet	\$0	\$0	0.00%
Equal Net Communications, Inc.	\$132,616	\$60,792,925	0.22%
Excel Telecommunications, Inc.	\$4,947,152	\$1,092,840,760	0.45%
Executone Information Systems, Inc.	\$148	\$213,596,369	0.00%
Federal Transtel, Inc.	\$0	\$4,673,301	0.00%
Frank Robbins d/b/a Public-Tel	\$1,105	\$5,023	22.00%
Frontier Communication Services, Inc.	\$5,502,100	\$1,139,066,778	0.48%
Frontier Communications International, Inc.	\$53,428	\$243,828	21.91%
Frontier Communications of the West, Inc.	\$621	\$4,084	15.21%

Section 7.

Telecommunications Industry Summary

Private Pay Telephone and Wireless Providers Arkansas Revenues; System Revenues Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
Furst Group, Inc.	\$188,448	\$87,962,675	0.21%
Gateway Technologies, Inc.	\$655,869	\$21,105,083	3.11%
GE Capital Exchange	\$161,186	\$88,735,913	0.18%
Global TeleMedia International, Inc.	\$255	\$132,563	0.19%
Global Tel-Link Corporation	\$650,331	\$23,977,000	2.71%
Group Long Distance, Inc.	\$27,722	\$18,764,170	0.15%
GTE Card Services, Inc.	\$81,355	\$59,535,000	0.14%
GTE Telecommunications Services (Florida)	\$0	\$153,657,816	0.00%
GTI	\$4,360	\$13,822,702	0.03%
Heartline Communications, Inc.	\$0	\$0	0.00%
Hertz Technologies, Inc.	\$20,022	\$19,360,159	0.10%
Hi-Plains NTS Communications, Inc.	\$0	\$0	0.00%
Home Owners Long Distance, Inc. - Intelcom	\$18,498	\$11,459,884	0.16%
Hospitality Communications Corp.	\$0	\$1,578,807	0.00%
Host Network, Inc.	\$3,822	\$2,522,014	0.15%
IDB WorldCom Services, Inc.	\$0	\$530,980,864	0.00%
IdealDial Corp.	\$0	\$13,116,966	0.00%
IDT America Corp.	\$0	\$0	0.00%
Inacom Communications, Inc.	\$43,455	\$15,017,313	0.29%
Info-Tel, Inc.	\$24,635	\$4,864,296	0.51%
Inmate Communications Corp.	\$5,967	\$4,100,000	0.15%
Innovative Telecom Corp.	\$4,776	\$1,898,394	0.25%

Section 7.

Telecommunications Industry Summary

Private Pay Telephone and Wireless Providers Arkansas Revenues; System Revenues Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
Intelicom International Corp.	\$0	\$2,017,995	0.00%
Intercontinental Communications Group, Inc.	\$39	\$617,303	0.01%
Intermedia Communications, Inc.	\$0	\$103,396,890	0.00%
International Telecom, LTD	\$0	\$38,579,389	0.00%
International Telecommunications Corp.	\$341,554	\$4,983,542	6.85%
International Telemanagement Group, Inc.	\$1,426	\$14,221	10.03%
Invision Telecom, Inc.	\$231,978	\$48,944,129	0.47%
IXC Long Distance, Inc.	\$26,973	\$34,099,000	0.08%
James E. Bennett	\$0	\$0	0.00%
JD Services, Inc.	\$33,938	\$3,053,666	1.11%
Jesse Parker Pay Telephone	\$0	\$0	0.00%
Key Communications Management, Inc.	\$122	\$1,880,415	0.01%
L.D. Services, Inc.	\$162	\$31,108,880	0.00%
LCI International Telecommunications Corp.	\$891,850	\$1,102,985,066	0.08%
LDC Telecommunications, Inc.	\$53,471	\$1,917,155	2.79%
LDD, Inc. (Cape Girardeau)	\$602	\$9,210,753	0.01%
LDM Systems, Inc.	\$35,072	\$5,947,034	0.59%
Least Cost Routing, Inc.	\$3,890	\$967,546	0.40%
Least Cost Routing, Inc. d/b/a Long Distance Charges	\$0	\$0	0.00%
Lecnet, Inc.	\$0	\$0	0.00%
Little Rock Cellular Corp.	\$0	\$0	0.00%

Section 7.

Telecommunications Industry Summary

Private Pay Telephone and Wireless Providers Arkansas Revenues; System Revenues Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
Little Rock Cellular Partnership	\$28,287,011	\$31,530,160	89.71%
Long Distance Consolidated Billing Co.	\$0	not available	0.00%
Long Distance Direct Holdings, Inc.	\$4,658	\$5,310,237	0.09%
Long Distance Network, Inc.	\$0	\$0	0.00%
Long Distance Network Operator Services	\$100	\$6,611,886	0.00%
Long Distance Savers, Inc.	\$873,355	\$18,170,945	4.81%
Long Distance Services, Inc.	\$41,007	\$22,751,550	0.18%
Long Distance Wholesale Club	\$1,282,347	\$3,086,829	41.54%
Matrix Telecom, Inc.	\$85,403	\$71,558,295	0.12%
MCI Telecommunications Corp.	\$27,011,297	\$86,109,548	31.37%
Memphis Cellular Telephone Co.	\$0	\$1,724,587	0.00%
Memphis SMSA Limited Ptnshp.	\$550,059	\$91,319,114	0.60%
Meridian Telecom Corp.	\$0	\$0	0.00%
MetroLink Communications, Inc.	\$0	\$12,799,730	0.00%
MFS Intelenet of AR. Inc.	\$4,097	\$30,863	13.27%
Mid-Com Communications, Inc.	\$155,821	\$128,826,866	0.12%
Motorola Cellular Service, Inc.	\$8,665	\$91,097,900	0.01%
MTC Telemanagement Corp.	\$346	\$19,590,392	0.00%
National Accounts, Inc.	\$26,653	\$30,861,138	0.09%
National Telephone & Communications, Inc.	\$24,907	\$91,197,446	0.03%
Network Long Distance, Inc.	\$77,616	\$35,804,596	0.22%
Network Operator Service, Inc.	\$1,242	\$18,392,516	0.01%

Section 7.

Telecommunications Industry Summary

Private Pay Telephone and Wireless Providers Arkansas Revenues; System Revenues Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
Network Services Group, Inc.	\$484,722	\$2,114,710	22.92%
Network Services, Inc.	\$0	\$0	0.00%
Norstan Network Services, Inc.	\$7,577	\$4,125,796	0.18%
North American Communications of Arkansas, Inc.	\$0	\$0	0.00%
North American Intelcom, Inc.	\$0	\$39,572,456	0.00%
North American Telephone Network, LLC	\$12,348	\$3,267,639	0.38%
Northern Arkansas Cellular, Inc.	\$15,665,744	\$16,685,055	93.89%
NOS Communications, Inc.	\$100,823	\$318,956	31.61%
Nosva, Limited Ptnshp.	\$20,093	\$58,290	34.47%
One Call Communications, Inc. d/b/a Opticom	\$161,634	\$113,705,281	0.14%
Operator Communications, Inc. d/b/a Oncor	\$19,346	\$69,120,004	0.03%
Operator Service Co.	\$18,785	\$21,139,204	0.09%
Optex, Inc.	\$0	\$0	0.00%
Overlook Communications International Corp.	\$4,758	\$1,821,710	0.26%
Pantel Communications, Inc.	\$87	\$4,574,691	0.00%
Parcel Consultants, Inc.	\$4,124	\$20,589,216	0.02%
Paytel, Inc.	\$345	not available	0.00%
Pennsylvania Alternative Communications, Inc.	\$620	\$8,607,367	0.01%
Peoples Telephone Co.	\$0	\$124,957,497	0.00%
Phoenix Network, Inc.	\$16,343	\$83,057,816	0.02%

Section 7.

Telecommunications Industry Summary

Private Pay Telephone and Wireless Providers Arkansas Revenues; System Revenues Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
Phonco, Inc., The	\$0	\$535,000	0.00%
Phonetime, Inc.	\$9	\$5,406	0.17%
Pine Bluff Cellular, Inc.	\$4,843,281	\$4,969,256	97.46%
PNG Telecommunications, Inc.	\$7,412	\$5,273,012	0.14%
Preferred Carrier Services, Inc.	\$0	\$2,195,837	0.00%
Prime Communications	\$472	\$474	99.58%
Premiere Communications, Inc.	\$12,879	\$51,409,585	0.03%
Primus Telecommunications, Inc.	\$1,152	\$17,045,015	0.01%
Professional Communications Management	\$10,061	\$10,892,916	0.09%
PSP Marketing Group, Inc.	\$90,870	not available	0.00%
QAI, Inc. d/b/a Long Distance Billing	\$89,670	\$20,516,153	0.44%
QCC, Inc.	\$56,250	\$17,297,186	0.33%
Qwest Communications Corp.	\$30,581	\$91,838,000	0.03%
Quest Telecommunications, Inc.	\$406	\$1,732	23.44%
Reliable Communications	\$4,451	\$11,191	39.77%
RRV Enterprises, Inc. d/b/a Consumer Access	\$67,416	\$2,001,049	3.37%
Shared Communications Services, Inc.	\$328	\$19,470,884	0.00%
SmarTalk TeleServices, Inc.	\$455	\$15,021,060	0.00%
Smartel Communications, Inc.	\$0	\$414,416	0.00%
SNET America, Inc.	\$711	\$100,550,080	0.00%
Snider Communications Corp.	\$0	\$0	0.00%

Section 7.

Telecommunications Industry Summary

Private Pay Telephone and Wireless Providers Arkansas Revenues; System Revenues Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
Sprint Communications Company L.P.	\$7,148,814	\$7,486,805,000	0.10%
Starlink Communications LLC	\$5,568	\$5,889,248	0.09%
SVV Sales, Inc.	\$0	\$0	0.00%
T.W.R. Cellular	\$18,738,111	\$21,001,101	89.22%
Talcom, Inc.	\$598,538	\$609,988	98.12%
TCA Long Distance, Inc.	\$1,670	\$4,221,558	0.04%
Telec, Inc.	\$0	\$199,000	0.00%
Telecam Telecommunications Co. Americas	\$9,843	\$10,095,744	0.10%
Telecare, Inc.	\$15,470	\$5,100,982	0.30%
Telecommunications Service Center, Inc.	\$0	\$2,606,254	0.00%
Teleconnect Long Distance Service	\$8,010	\$134,771	5.94%
Teledub Communications	\$143	\$1,206	11.86%
Telegroup, Inc.	\$10,548	\$213,076,248	0.00%
Telenational Communications LP	\$0	\$0	0.00%
Teletrust Communications Services, Inc.	\$633	\$26,940,405	0.00%
Tel-Save, Inc.	\$149,719	\$232,424,223	0.06%
Telscape USA, Inc.	\$889	\$641,075	0.14%
Texarkana Cellular Ptnshp.	\$243,403	\$4,868,055	5.00%
TLX Communications, Inc.	\$587	\$1,511	38.85%
T-Netix, Inc.	\$0	\$2,419,565	0.00%
Total National Telecommunications, Inc.	\$4,394	\$6,250,086	0.07%
TotalTel, USA Communications, Inc.	\$1,371	\$59,129,913	0.00%

Section 7.

Telecommunications Industry Summary

Private Pay Telephone and Wireless Providers Arkansas Revenues; System Revenues Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
Touch 1 Communications, Inc. (Alabama)	\$0	\$34,768	0.00%
Touch 1 Long Distance, Inc.	\$663,404	\$128,674,481	0.52%
Transcommunications, Inc.	\$74,157	\$14,758,170	0.50%
TransNational Communications, Inc. d/b/a Members' Long Distance Advantage	\$59,713	\$52,028,568	0.11%
Trescom U.S.A., Inc.	\$37,164	\$119,958,200	0.03%
Tri-County Long Distance, Inc.	\$37,683	\$163,838	23.00%
TTI National, Inc.	\$57,003	\$18,650,140	0.31%
TW Communicators	\$3,784	\$8,935,762	0.04%
U S Communications, Inc. d/b/a Southwest Long Distance Network, Inc.	\$849,954	\$30,051,708	2.83%
U S Digital Network Limited Ptnshp.	\$4,839	\$1,747,766	0.28%
U S Long Distance, Inc.	\$633,424	\$199,220,162	0.32%
U.S. Osiris Corp.	\$43,148	\$20,441,467	0.21%
U S Wats, Inc.	\$4,421	\$29,608,854	0.01%
Unidial, Inc.	\$63,409	\$80,846,926	0.08%
United Wats, Inc.	\$36,328	\$16,393,232	0.22%
Universal Telecom, Inc.	\$0	\$4,000,000	0.00%
USA Global Link, Inc.	\$0	\$0	0.00%
USN Communications Long Distance, Inc. d/b/a United Telecom of America	\$0	\$4,088,682	0.00%
Ustel, Inc.	\$4,899	\$22,026,857	0.02%

Section 7.

Telecommunications Industry Summary


Private Pay Telephone and Wireless Providers Arkansas Revenues; System Revenues Year Ended December 31, 1996

COMPANY	ARKANSAS REVENUES	SYSTEM REVENUES	RATIO(%) ARKANSAS REVENUE/ SYSTEM REVENUES
USX Consultants, Inc.	\$7	\$2,294,032	0.00%
Value Tel, Inc.	\$74,600	\$5,731,000	1.30%
Value-Added Communications, Inc.	\$0	\$13,152,488	0.00%
VarTec Telecom, Inc.	\$1,878,668	\$470,235,704	0.40%
VIP Telephone Network Inc.	\$518	\$3,849,448	0.01%
Walnut Hill Cellular Telephone Company	\$430,715	\$430,715	100.00%
Westel, Inc.	\$9,704	\$21,935,090	0.04%
Western Union Communications, Inc.	\$38,596	\$9,143,129	0.42%
Westinghouse Communications	\$9,264	\$142,655,000	0.01%
Winstar Gateway Network Inc.	\$40,963	\$28,106,828	0.15%
WirelessCo LP d/b/a Sprint PCS	\$0	(\$438,565)	0.00%
Working Assets Funding Service, Inc.	\$48,753	\$189,749	25.69%
World Wide Communications, Inc.	\$241	not available	0.00%
Worldcom, Inc.	\$18,356,309	\$2,150,844,956	0.85%
Worldcom Network Services (Wiltel)	\$2,484,039	\$1,430,207,296	0.17%
XIEX Telecommunications, Inc.	\$213	\$1,153,247	0.02%
Xtracom, Inc.	\$0	\$0	0.00%
Zane Vermillion	<u>\$0</u>	<u>\$0</u>	<u>0.00%</u>
Zenex Long Distance, Inc.	\$65,041	\$12,394,156	0.52%
TOTALS	\$368,516,929	\$63,216,429,334	0.58%

Section 8.

Water & Sewer Industry Summary

A. Highlights of 1997

 In 1997, United Water Arkansas (UWA), the State's largest local regulated water company, filed a request to increase its rates for water service. Staff conducted an investigation of UWA's request and filed written testimony regarding its finding. A joint stipulation was reached by UWA, Staff, and an Intervenor which allowed UWA approximately 75 percent of its original request. The joint stipulation was approved by the Commission.

The second largest regulated company in Arkansas, Shumaker Public Service Corporation (Shumaker), also filed a request to increase its rates for water service. After an investigation, Staff reached a stipulation and agreement wherein Shumaker was allowed approximately 32 percent of its original request. The Commission approved the stipulation and agreement.

A petition pursuant to Act 305 of 1997 was filed by certain water and sewer customers of Sebastian Lake Utility (SLU) requesting that the Commission take jurisdiction of SLU as a public utility and establish rates in accordance with the Commission's rules and regulation for water and sewer companies. Act 305 of 1997 allows customers of Class C or lower water or sewer companies, previously not subject to Commission jurisdiction, to petition the Commission to make those small water and sewer companies subject to the Commission's rules and regulations. A hearing on Staff's recommendation to lower SLU's rates is scheduled for 1998.

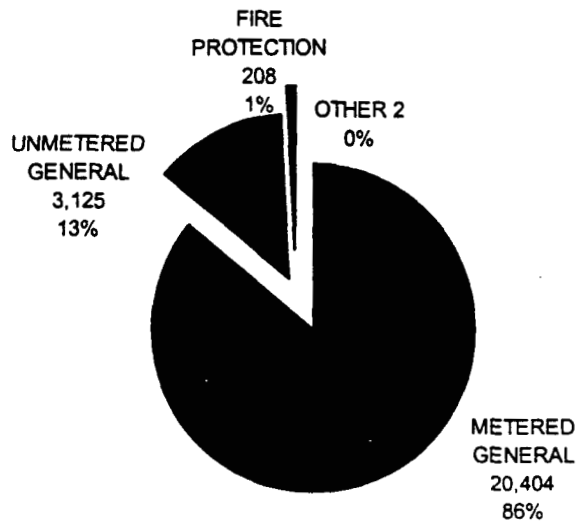
Section 8.

Water & Sewer Industry Summary

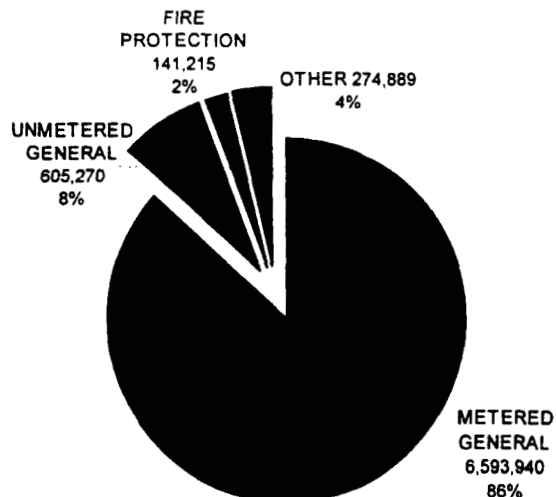
B. Water Customers and Sales Revenues By Class

The graphs below show: 1) the percentage of water and sewer customers by class (metered general, unmetered general, fire protection and other); and, 2) the corresponding percentage of sales revenue by customer class. As can be seen in comparing the two graphs, metered general customers account for 86% of all customers and sales to those customers represent 90% of all sales revenue.

**NUMBER OF WATER & SEWER CUSTOMERS
BY CLASS FOR 1996**



**WATER & SEWER REVENUES BY CLASS
FOR 1996**



Section 8.

Water & Sewer Industry Summary

C. Statistical Summaries for Water & Sewer

Water & Sewer Companies - Arkansas Only Plant Investment; Operating Revenues Year Ended December 31, 1996

COMPANY	PLANT INVESTMENT	OPERATING REVENUES	RATIO (%) OPERATING REVENUE /INVEST.
Central Ark. Sewer System, Inc.	\$2,378,690	\$494,394	20.78%
Riviera Utilities of Ark., Inc.	\$941,779	\$301,396	32.00%
Shumaker Pub. Service Corp.	\$805,360	\$296,176	36.78%
United Water Arkansas	\$27,087,587	\$6,523,348	24.08%
TOTALS	\$31,213,416	\$7,615,314	24.40%

Section 8.

Water & Sewer Industry Summary

Water & Sewer Companies - Arkansas Only Customers; Revenues; Other Statistics Year Ended December 31, 1996

	<u>NO. OF CUSTOMERS</u>	<u>REVENUES</u>	<u>AVERAGE REVENUE/PER CUSTOMER</u>
CENTRAL ARKANSAS SEWER SYSTEM, INC.			
Metered General	0	\$0	\$0
Unmetered General	1,325	\$493,794	\$373
Fire Protection	0	\$0	\$0
Other Customers	0	\$0	\$0
Totals without			
Other Revenues	1,325	\$493,794	\$373
Other Revenues	N/A	\$600	N/A
TOTALS	1,325	\$494,394	N/A
RIVIERA UTILITIES OF ARKANSAS, INC.			
Metered General	437	\$165,012	\$378
Unmetered General	1,800	\$111,476	\$62
Fire Protection	0	\$0	\$0
Other Customers	0	\$0	\$0
Totals without			
Other Revenues	2,237	\$276,488	\$124
Other Revenues	N/A	\$24,908	N/A
TOTALS	2,237	\$301,396	N/A
SHUMAKER PUBLIC SERVICE CORPORATION			
Metered General	539	\$134,338	\$249
Unmetered General	0	\$0	\$0
Fire Protection	58	\$66,480	\$1,146
Other Customers	2	\$89,922	\$44,961
Totals without			
Other Revenues	599	\$290,740	\$485
Other Revenues	N/A	\$5,436	N/A
TOTALS	599	\$296,176	N/A


Section 8.

Water & Sewer Industry Summary

Water & Sewer Companies - Arkansas Only Customers; Revenues; Other Statistics Year Ended December 31, 1996

	NO. OF CUSTOMERS	REVENUES	AVERAGE REVENUE/PER CUSTOMER
UNITED WATER ARKANSAS			
Metered General	19,428	\$6,294,590	\$324
Unmetered General	0	\$0	\$0
Fire Protection	150	\$74,735	\$498
Other Customers	0	\$0	\$0
Totals without			
Other Revenues	19,578	\$6,369,325	\$325
Other Revenues	N/A	\$154,023	N/A
TOTALS	19,578	\$6,523,348	N/A
Totals without			
Other Revenues	23,739	\$7,430,347	\$313
TOTALS	23,739	\$7,615,314	N/A

Section 9. Federal Agency Activity

 The APSC's activity before federal regulatory agencies was marked by continued involvement in proceedings in which costs were being allocated to Arkansas ratepayers. Many of the issues addressed by the APSC were also a result of the continuing transition to more competitive markets. A summary of the more significant proceedings follows:

Federal Energy Regulatory Commission (FERC)

Docket No. IN97-3-000 Arkansas Oklahoma Gas Corporation (AOG)

On August 15, 1997, the APSC intervened in this complaint against AOG. In the complaint, a potential shipper stated that AOG's Interruptible Transportation (IT) Service Agreements contain a sales provision requiring the shipper to sell gas to AOG when AOG determines that the gas is needed to protect AOG customers. On August 8, 1997, FERC ordered AOG to show that it had not violated the Natural Gas Act. On November 3, 1997, AOG filed a settlement resolving all issues raised in the FERC order. Under the settlement, AOG will delete the sales provision in question and provide shippers the ability to enter separate contracts to sell gas to AOG. On December 18, 1997, FERC issued an order approving AOG's settlement offer.

Docket No. CP97-724-000 NorAm Gas Transmission Company (NGT)

On September 3, 1997, NGT filed an application with the FERC to replace a portion of transmission line at a cost of \$32.2 million. NGT sought advanced approval that these costs can be added to the costs of existing facilities and recovered from existing customers when NGT files its next FERC rate case. The APSC filed a protest requesting that FERC not allow the costs of the facilities to be recovered from exiting customers because the estimated revenues produced by the facilities do not cover the costs. On November 21, 1997, NGT filed a response to the APSC protest. NGT agreed with the APSC that the cost of the project was understated and indicated that it will accept conditions on those portions of the facilities where the revenue does not recover the costs. However, NGT continues to request cost recovery for all of the facilities in its next rate case if it can demonstrate that the benefits from the facilities are proportionate to the rate impact. This proceeding is currently pending before FERC.

Docket No. EL95-33-000 Louisiana Public Service Commission (LPSC) v. Entergy

The LPSC filed this complaint at the FERC regarding the Entergy System Agreement on March 15, 1995, and renoticed the complaint on July 2, 1996. The LPSC requested that the FERC order that the Entergy System Agreement be amended to omit

Section 9. Federal Agency Activity

interruptible load from its calculations of each operating company's responsibility for system load. Interruptible load is presently not credited against the peak jurisdictional load under the System Agreement, and Louisiana would benefit if this were not the practice. The APSC filed a Protest and Request to Dismiss without Hearing on July 16, 1996. The FERC dismissed the complaint on August 5, 1996, but granted rehearing for further consideration on September 30, 1996. Rehearing was denied on September 12, 1997, and LPSC has filed its appeal with the District of Columbia Circuit Court of Appeals. The APSC was granted intervention in that appeal on December 4, 1997.

Docket No. ER95-1042-000 SERI Rate Case

On May 12, 1995, Entergy filed for an increase of \$65.5 million in annual charges from SERI, the owner of the Grand Gulf nuclear plant, to the Entergy Operating Companies, including Entergy Arkansas. The APSC opposed SERI's proposed rate of return, SERI's proposed power charge formula (PCF), and certain changes to SERI's decommissioning cost recovery. On July 11, 1996, the FERC Administrative Law Judge issued a decision reducing SERI's return on equity, rejecting the PCF, and approving changes to certain SERI rate schedules. The ALJ's decision is currently pending on review before the FERC.

Docket No. EL95-112-000 Entergy Open Access Transmission

Entergy filed open access tariffs in October 1994, and the APSC intervened in November 1994. An initial decision was issued by the FERC on May 21, 1996. Most issues, which involved differences with the pro forma tariffs promulgated under Order No. 888, have been resolved. The rate-related issues are not resolved but will be addressed in Docket No. OA96-158. The APSC has intervened in the Docket No. OA96-158 proceeding.

Docket No. OA96-185-000 Central and South West Operating Companies (CSW)
Open Access Transmission Rate Schedule

This docket focuses on FERC Order No. 888 compliance tariff filing made by CSW on July 14, 1996, and was revised November 1, 1996. The APSC intervened on August 6, 1996. An Offer of Settlement was filed at the FERC on December 23, 1996. An order is pending.

Section 9. Federal Agency Activity

Docket No. ER98-1163-000

Southwest Power Pool (SPP)

On December 19, 1997, SPP filed an application with the FERC for approval of a regional transmission tariff. The SPP is one of 10 regional electric reliability associations of the National Electric Reliability Council. Entergy is in the process of changing its affiliation to the Southeast Reliability Council, but all other investor owned and cooperative electric utilities in Arkansas hold membership in the SPP. Utilities in Louisiana, Oklahoma, Kansas, and parts of Mississippi, Texas and Missouri are also in the SPP. The SPP is considering formation of an independent system operator (ISO) to further competitive generation markets, and is also considering some consolidation of administrative functions with the Mid-Continent Area Power Pool.

Securities and Exchange Commission (SEC)

File No. 70-8861 Entergy Nuclear

At issue in this proceeding is whether Entergy should form a separate nuclear subsidiary and offer services/expertise to other utilities. The APSC intervened on July 29, 1996, and requested a hearing on the proposal. Although the docket is still pending, a contract to run the Maine Yankee power plant was announced January 7, 1997.

Federal Communications Commission (FCC)

CC Docket No. 80-286 Jurisdictional Cost Separations and Subscriber Line Charges

On October 10, 1997, the FCC issued a Notice of Proposed Rulemaking asking commenters to consider changes to the cost separations rules followed by telephone companies in light of changes in the telecommunications industry. The Commission seeks comment on a number of issues including whether separations rules are still needed in the presence of regulation designed to foster competition, and what criteria should be used to evaluate the existing separations process and proposals to reform that process. Comment is also requested on whether the July 1997, interconnection decision by the 8th U.S. Appeals Court requires the assignment of all costs associated with the provision of local exchange service to the intrastate jurisdiction. A member of the Commissioners' Staff currently sits on the Joint Board established in this docket.

Section 9. Federal Agency Activity

CC Docket No. 96-45

Establishment of a Universal Service Fund

In May 1997, the FCC issued an order in this docket which: 1) defined the services supported by federal universal service support mechanisms; 2) defined the support mechanisms; and, 3) recommended other changes in its rules to implement the universal service directives of the Telecommunications Act of 1996. The APSC, and other state commissions filed for reconsideration of two issues at the FCC which could have a significant impact on Arkansas ratepayers. No action has yet been taken by the FCC on these issues.

CC Docket No. 97-100

Request for Preemption

In response to the enactment of Act 77 by the Arkansas Legislature, two telecommunications providers, American Communications Services, Inc., and MCI Telecommunications Co., requested that the FCC preempt certain provisions of the Act, claiming inconsistency with federal law. The comment cycle on both requests for preemption have been completed. No action has been taken by the FCC.

Federal Dockets on Appeal

DCC Case No. 95-1321

Indiana Michigan Power Co. v. Department of Energy (DOE)

On June 17, 1994, the APSC, together with numerous other states and state commissions, filed a Petition for Review from the DOE's decision that DOE did not have an obligation to begin accepting spent nuclear fuel (SNF) by January 31, 1998, pursuant to the Nuclear Waste Policy Act of 1982, as amended. On July 23, 1996, the U.S. Court of Appeals for the District of Columbia Circuit issued a decision finding that DOE has a statutory obligation to accept SNF. 88 F.3d 1727 (D.C. Cir. 1996). The case was remanded to the DOE for further proceedings.

DCC Case No. 97-1064

Northern States Power Co. *et al.* v. DOE

Following the issuance of the Court's opinion in *Indiana Michigan v. DOE*, above, DOE notified various utilities and state commissions that it would not accept the SNF for disposal by the January 31, 1998, deadline. The APSC, together with the other petitioners in *Indiana Michigan*, filed a petition for mandamus, requesting that the Court order DOE to accept the affected utilities SNF by the statutory deadline. The Court denied the petition

Section 9. Federal Agency Activity

in part on the grounds that the DOE Standard Contract provides a potentially adequate remedy. However, the Court also granted the petition in part and issued an order precluding DOE from advancing the defense that its delinquency should be excused on the grounds that it has not yet established a depository or interim storage program.

DCC Case No. 97-1264 City of New Orleans *et al.* v. SEC

On April 15, 1997, the City of New Orleans, the APSC, and others petitioned for review of the SEC's adoption of Rule 58, which allows registered holding companies to invest in energy related businesses. Appellants maintain that adoption of the rule was *ultra vires* in that it violates the integration requirement of PUHCA. The case is scheduled for oral argument on Thursday, February 19, 1998.

2d Circuit Case No. 97-1322 (consolidated)

APSC v. FERC


2d Circuit Case No. 97-4034 (lead)

People of New York v. FERC

People of New York v. FERC is the consolidated case encompassing all appeals of FERC Orders No. 888 and 888-A. (Separate appeals of Order No. 888-B are pending at the DC Circuit.) The APSC has requested review of the FERC's finding of concurrent jurisdiction over retail stranded costs; that petition was filed in the District of Columbia Circuit but transferred to the Second Circuit. A briefing schedule has been established by the Second Circuit, with petitioners' initial briefs due on February 27, 1998. However, a motion filed by the APSC and others to transfer the appeal to the DC Circuit is pending.

Section 10.

Consumer Services Summary

 The Consumer Services Section investigates consumer complaints concerning utility issues. Informal complaints can be made by telephone, in writing, or in person. Formal complaints must be made in writing and are resolved by the Commission or an Administrative Law Judge.

The Consumer Services Section also performs focused inspections to ensure utility compliance with the Commission's *General Service Rules* and *Telecommunications Providers Rules*.

A. Informal Consumer Complaints and Inquiries

During 1997, 53,954 Arkansas customers contacted Consumer Services regarding utility issues. Of those 53,954 contacts, 2,057 were classified as informal complaints. The other 51,897 contacts fall into several general categories:

- * calls requesting information or referrals - (18%);
- * calls referred to utility companies because the customer had not tried to resolve the complaint before contacting the PSC (Arkansas statute requires consumers to make a good-faith effort to resolve the problem with the utility) - (59%);
- * calls from customers and utilities concerning potential, open and closed complaints - (3%);
- * administrative/other calls - (12%); and,
- * lost calls - calls which are terminated by the calling party (4%).

Although complaints represent only 4% of all contacts through Consumer Services, they require significant amounts of time and resources. Complaints involve numerous contacts with utility personnel and Staff members as well as extensive research to ensure compliance with Commission rules and approved tariffs. Many also require additional technical analysis, field investigation, and written reports.

Staff members resolved many issues through informal complaints during 1997 which ultimately affected large numbers of Arkansas customers. Some examples of those issues are:

- * refusal to enter delayed payment agreements;
- * installation delays;
- * closing of utility business offices;
- * poor service quality;
- * changes in the Commission's General Service Rules and Special Rules; and,
- * unauthorized switches of long distance carriers.

Section 10.

Consumer Services Summary

Billing complaints continue to make up the greatest portion of complaints for each industry. In 1997, the number of complaints regarding obtaining service remained constant for electric and telephone utilities, and increased for gas and water utilities. The number of complaints concerning service quality increased for gas and electric utilities, and decreased for telephone and water utilities.

B. Formal Complaints

In 1997, Consumer Services participated in nine formal complaints. These complaints were brought to the Commission by consumers and addressed utility compliance with the *General Service Rules*, *Telecommunications Providers Rules*, and *Special Rules*.

C. Consumer Services Review of Compliance with PSC General Service Rules and Telecommunications Providers Rules

Consumer Services performed focused inspections of utility compliance with Commission Rules on 41 separate offices of 32 different companies in 1997. These inspections encompass a review of the utility's approved tariffs and policies and procedures relating to all aspects of the provision of utility service. In all these cases, corrective action was taken by the utility in response to the findings and recommendations made by Staff.

D. Other

In 1997, Consumer Services participated in four other proceedings that came before the Commission. Two of these involved changes in utility fees and charges and two addressed utility requests for exemptions of certain *General Service Rules*.

Section 10.

Consumer Services Summary

MAJOR CATEGORY COMPLAINT SUMMARY BY INDUSTRY YEAR ENDED DECEMBER 31, 1997

WRITTEN COMPLAINTS

TYPE	TELEPHONE	ELECTRIC	GAS	WATER	TOTAL
Billing	50	34	48	0	132
Service Quality	47	19	7	0	73
Service Requests	12	5	0	0	17
SUBTOTALS	109	58	55	0	222

VERBAL COMPLAINTS

TYPE	TELEPHONE	ELECTRIC	GAS	WATER	TOTAL
Billing	389	675	143	11	1,218
Service Quality	104	119	21	1	245
Service Requests	162	166	43	1	372
SUBTOTALS	655	960	207	13	1,835
TOTALS	764	1,018	262	13	2,057

Complaints are analyzed in a variety of ways. Complaint issues are identified specifically both for utility industry groups and for individual utilities. The following charts and tables use the information to provide analyses which should be useful both to regulated utilities and to their customers.

Section 10.

Consumer Services Summary

The tables on the following pages are a comparison of customer complaints per 1000 customers by company and industry. These tables also show whether the company action that resulted in the complaint was taken in accordance with the Commission's Rules, or was modified to be more favorable to the customer.

Electric Company Name	Arkansas Customers	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints Per 1000 Customers	Complaints Ratio To Average
Ark. Electric Coop. Corp.	18	0	0	0	0	0	0.00	0.00
Ark. Valley Electric Coop. Corp.	39,349	11	6	2	3	0	0.28	0.31
Ashley-Chicot Electric Coop., Inc.	4,598	1	1	0	0	0	0.22	0.24
C & L Electric Coop. Corp.	18,716	11	7	2	2	0	0.59	0.66
Carroll Electric Coop. Corp.	49,023	13	8	0	5	0	0.27	0.30
Clay County Electric Coop.	11,227	1	1	0	0	0	0.09	0.10
Craighead Electric Coop. Corp.	23,751	8	5	2	0	1	0.34	0.38
Empire District Electric Co.	3,481	0	0	0	0	0	0.00	0.00
Entergy Arkansas, Inc.	614,412	845	452	115	260	18	1.38	1.53
Farmers Electric Coop. Corp.	5,103	2	2	0	0	0	0.39	0.43
First Electric Coop. Corp.	59,443	42	19	6	14	3	0.71	0.79
Mississippi County Elec. Coop., Inc.	3,695	0	0	0	0	0	0.00	0.00
North Ark. Electric Coop., Inc.	27,906	3	1	1	1	0	0.11	0.12
Oklahoma Gas and Electric Co.	58,648	28	13	5	9	1	0.48	0.53
Ouachita Electric Coop. Corp.	8,393	7	5	0	1	1	0.83	0.92
Ozarks Electric Coop. Corp.	34,350	4	0	1	3	0	0.12	0.13
Petit Jean Electric Coop. Corp.	16,072	5	2	0	2	1	0.31	0.34
Rich Mountain Elec. Coop., Inc.	6,564	0	0	0	0	0	0.00	0.00
South Central Ark. Elec. Coop., Inc.	8,889	1	0	0	1	0	0.11	0.12
Southwest Ark. Elec. Coop. Corp.	21,941	9	7	1	1	0	0.41	0.46
Southwestern Electric Power Co.	94,499	23	11	8	4	0	0.24	0.27
Woodruff Electric Coop. Corp.	16,949	4	2	0	2	0	0.24	0.27
TOTALS AND AVERAGE	1,127,027	1,018	542	143	308	25	0.9	1.00

Section 10.

Consumer Services Summary

Gas Utility Company Name	Arkansas Customers	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints per 1,000 Customers	Complaints Ratio To Average
Arkla, Division of NorAm Energy	433,036	158	93	15	45	5	0.36	0.84
Ark. Oklahoma Gas Corp.	45,398	56	37	6	10	3	1.23	2.84
Ark. Western Gas Co. (Includes Assoc. Natural Gas Co.)	122,096	46	41	3	1	1	0.38	0.87
NOARK Pipeline System, Ltd, Partnership (The)		0	0	0	0	0	0.00	0.00
Union Gas Company of Ark.	2,881	2	1	0	1	0	0.69	1.60
TOTALS AND AVERAGE	603,411	262	172	24	57	9	0.43	1.00

Water/Sewer Utility Company Name	Arkansas Customers	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints Per 1000 Customers	Complaints Ratio To Average
Central Ark Sewer Systems, Inc.	1,325	0	0	0	0	0	0.00	2.66
Riviera Utilities of Ark., Inc.	2,237	0	0	0	0	0	0	1.33
Shumaker Public Service Corp.	599	0	0	0	0	0	0	0.00
United Water Arkansas	19,578	13	9	2	2	0	0.66	0.88
TOTALS AND AVERAGE	23,739	13	9	2	2	0	0.55	1.00

Section 10.

Consumer Services Summary

Telephone Company Name	Arkansas Access Lines	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints Per 1000 Customers	Complaints Ratio To Average
ALLTEL Ark., Inc.	87,234	40	18	5	16	1	0.46	1.04
Ark. Telephone Co., Inc	7,459	7	3	4	0	0	0.94	1.61
Central Ark. Telephone Coop.	2,711	1	0	1	0	0	0.37	0.63
Century Telephone of Ark.	16,725	26	14	4	8	0	1.55	2.67
Century Telephone of Mountain Home	19,466	1	1	0	0	0	0.05	0.09
Century Telephone of NW Louisiana	9,266	0	0	0	0	0	0.00	0.00
Century Telephone of Redfield	1,778	0	0	0	0	0	0.00	0.00
Century Telephone of South Arkansas	687	0	0	0	0	0	0.00	0.00
Cleveland County Telephone Co.	3,109	2	1	1	0	0	0.64	1.10
Decatur Telephone Co., Inc.	1,193	0	0	0	0	0	0.00	0.00
E. Ritter Telephone Co.	4,369	1	0	0	1	0	0.23	0.39
GTE, including GTE Arkansas Inc., GTE Midwest, Inc., and GTE Southwest, Inc.	192,495	155	47	50	54	4	0.81	1.38
Lavaca Telephone Co., Inc.	1,546	0	0	0	0	0	0.00	0.00
Madison County Telephone Co.	3,313	3	2	0	1	0	0.91	1.55
Magazine Telephone Co., Inc.	898	1	1	0	0	0	1.11	1.91
Mountain View Telephone Co.	6,029	5	5	0	0	0	0.83	1.42
Northern Ark. Telephone Co.	6,814	6	3	2	1	0	0.88	1.51
Prairie Grove Telephone Co.	8,272	2	2	0	0	0	0.24	0.41
Rice Belt Telephone Co., Inc.	1,069	2	1	0	0	1	1.87	3.21
Scott County Telephone Co., Inc.	122	0	0	0	0	0	0.00	0.00
South Ark. Telephone Co., Inc.	3,704	1	1	0	0	0	0.27	0.46
Southwest Ark. Telephone Coop.	4,984	3	3	0	0	0	0.60	1.03
Southwestern Bell Telephone Co.	907,538	308	208	37	53	10	0.34	0.58
Tri-County Telephone Co., Inc.	5,887	1	1	0	0	0	0.17	0.29
Walnut Hill Telephone Co.	5,108	4	3	1	0	0	0.78	1.34
Yelcot Telephone Co., Inc.	3,323	2	1	1	0	0	0.60	1.03
Yell County Telephone Co.	4,884	4	4	0	0	0	0.82	1.40
All Long Distance Carriers ¹	N/A	189	45	68	64	12	N/A	N/A
TOTALS AND AVERAGE	1,309,983	764	364	174	198	28	0.58	1.00

¹ Amount shown for Long Distance Carriers are not included in the totals and average line.

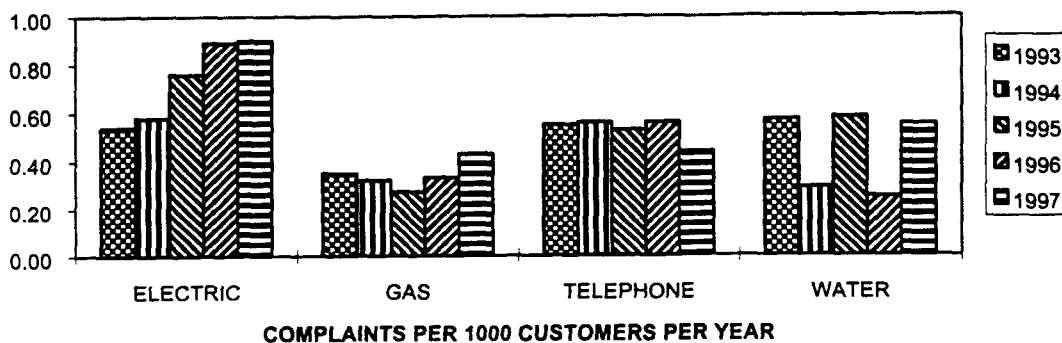
Section 10.

Consumer Services Summary

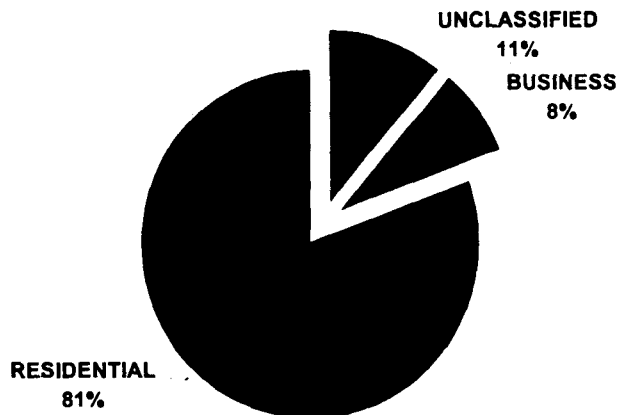
The following pages represent annual trends (bar graphs) and analysis of 1997 consumer complaints processed by the Consumer Services Office of the Arkansas Public Service Commission.

The first chart on this page displays the ratio of consumer complaints per 1000 customers for each industry during the years 1993 through 1997. The second chart shows the 1997 percentages of complaints for each customer class.

TREND OF COMPLAINTS FOR 1993 THRU 1997



1997 COMPLAINTS PER CUSTOMER CLASS

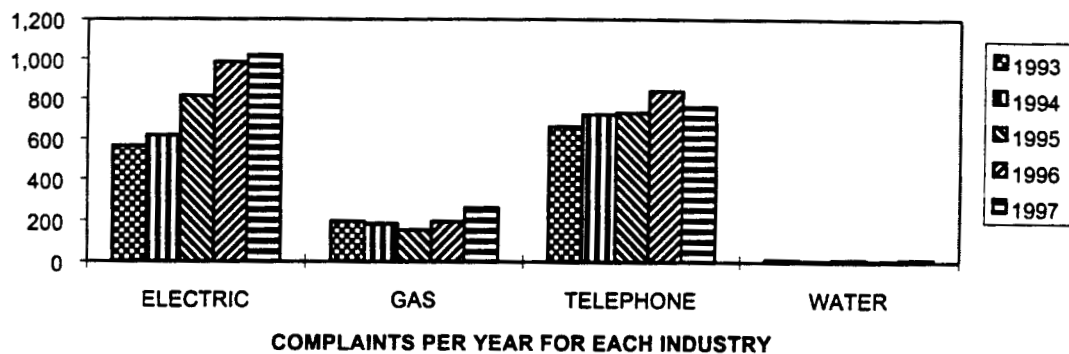


Section 10.

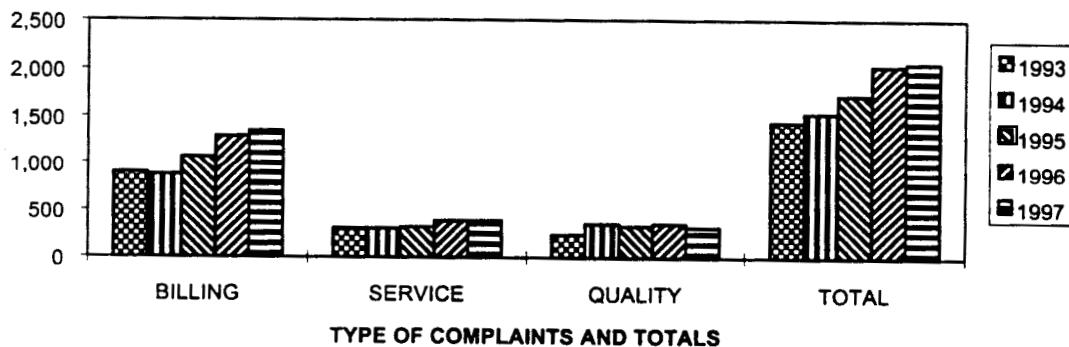
Consumer Services Summary

The first chart on this page shows the trend of total complaints by utility industry for the years 1993 through 1997. The second chart separates the complaint totals by type of complaint (rather than by industry) for 1993-1997. Complaints are categorized as Billing, Quality (of service), and Service (applications).

TREND OF COMPLAINTS BY UTILITY INDUSTRY



TOTAL COMPLAINTS BY COMPLAINT TYPE



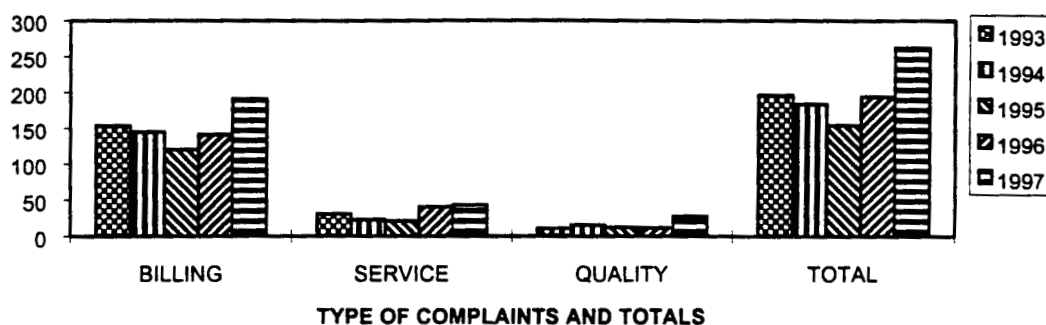
Section 10.

Consumer Services Summary

The charts on the following two pages separate complaint data into the gas, electric, telephone, and water industry groups.

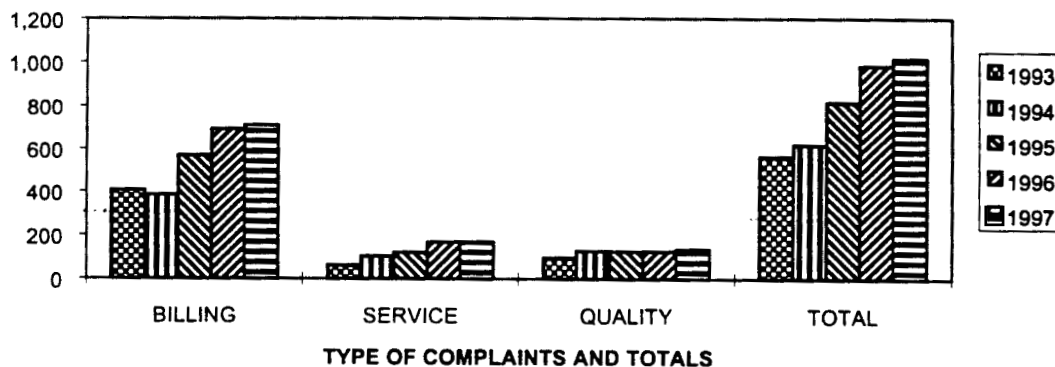
GAS COMPLAINTS

**TREND OF CONSUMER COMPLAINTS
BY TYPE FOR GAS INDUSTRY**



ELECTRIC COMPLAINTS

**TREND OF CONSUMER COMPLAINTS
BY TYPE FOR ELECTRIC INDUSTRY**

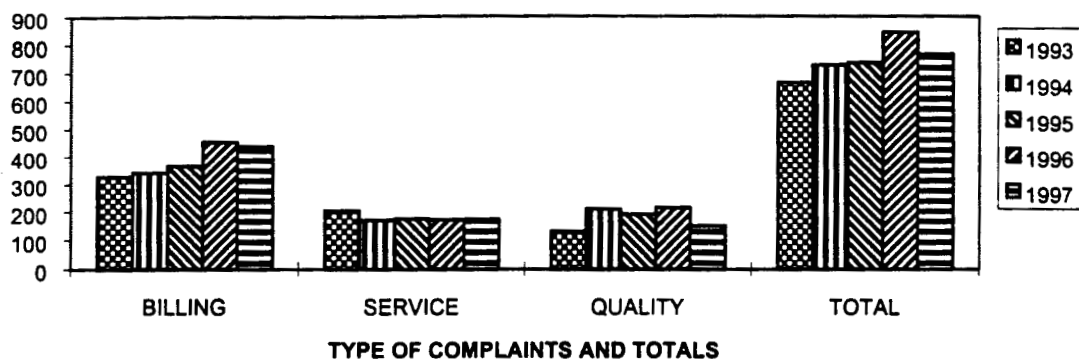


Section 10.

Consumer Services Summary

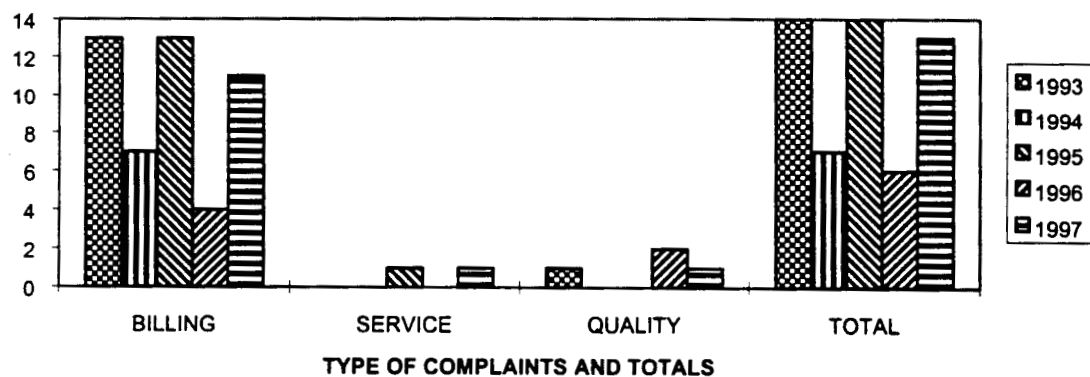
TELEPHONE COMPLAINTS

**TREND OF CONSUMER COMPLAINTS
BY TYPE FOR TELEPHONE INDUSTRY**




WATER COMPLAINTS

**TREND OF CONSUMER COMPLAINTS
BY TYPE FOR WATER INDUSTRY**



Section 11.

Commission Review of Utility Operations

 In addition to performing investigations in conjunction with dockets initiated at the Commission, Staff conducts ongoing investigations of natural gas pipeline safety, utility quality of service, and the use of automatic recovery mechanisms, as outlined below.

A. Gas Pipeline Safety Inspections and Investigations

Pursuant to an agreement with the U. S. Department of Transportation and the authority granted by the Arkansas Natural Gas Pipeline Safety Act of 1971, the Commission's Pipeline Safety Office inspected numerous intrastate natural gas operators and master metered gas systems for quality control of operating safety, gas leakage, and the control of corrosion. The inspections ensure that gas operators are in compliance with the Arkansas Gas Pipeline Code and the *Commission Special Rules - Gas*. Accidents related to natural gas are investigated and reports are prepared to ensure compliance with all Commission standards of quality and safety. During 1997, Pipeline Safety staff members performed 82 pipeline safety inspections, 142 inspections of master metered systems and five gas-related accident investigations. Corrections of reported deficiencies are monitored until they are completed. In addition to required inspections, staff members provide technical assistance to the Commission by investigating unresolved consumer complaints of inadequate service quality.

B. Telecommunications Quality of Service Reviews

Quality of service reviews were conducted in 94 exchange areas of 12 local exchange carriers in 1997. Staff members reviewed maintenance programs, conducted service tests and inspections of both central office and the outside plant operations, and transmission quality.

Staff measured the quality of service provided against standards established in the Commission's *Telecommunications Providers Rules*. Standards cover items such as: 1) noise and loss associated with customer lines and network circuits; 2) capacity and operation of switching machines; 3) methods and quality of new construction; 4) responses to requests for service connection; 5) restoration of service; and, 6) general maintenance of facilities. Staff determined that the quality of service provided by the local exchange carriers was generally good or satisfactory. Each company submitted corrective action reports concerning reported deficiencies. Staff conducted follow-up reviews as required to ensure that the problems were corrected and that performance was improved.

In addition to the periodic quality of service reviews noted above, Staff completed its review of selected private pay telephone installations.

Section 11.

Commission Review of Utility Operations

C. Electric Quality of Service Reviews

Electric Section staff members perform quality of service inspections of the various electric cooperatives and investor-owned utilities throughout the State to ensure compliance with the Commission's *General Service Rules* and the *Special Rules - Electric*. Quality of service is measured against the standards established by the Commission in those rules. The standards cover items such as the acceptable range of secondary voltages provided to customers, the minimization of electrical conductive and inductive effects, and the mapping and maintenance of transmission and distribution facilities including pole identification, right-of-way clearing, and substation record keeping. Staff members also examine complaint and outage records, meter testing facilities, and equipment on each quality of service inspection.

In 1997, Staff conducted seven quality of service inspections. The inspections included six electric cooperatives and one private, investor-owned utility.

D. Compliance Audits


Under authority of Arkansas Code Annotated §23-4-108, public utilities apply Commission approved automatic adjustment clauses to certain charges collected from ratepayers. Electric, gas, and water public utilities currently apply automatic adjustments to the charges recovered from their ratepayers for the cost of fuel and/or cost of debt.

The Commission has designed audit procedures to ensure that the adjustment amounts and their recovery are in compliance with the utilities' tariffs as approved by the Commission. The audit review procedures meet the requirements of Section 115 (e) of the Public Utility Regulatory Policies Act (PURPA) of 1978 which requires that automatic adjustment clauses be reviewed "not less than every two years." In addition to the biannual review required by Section 115 (e) of PURPA, the Commission's General Staff (Staff) conducts monthly and quarterly desk audits of all cost of fuel and cost of debt adjustments.

During 1997, Staff completed 387 desk audits and five biannual reviews. At the end of 1997, Staff was in the process of conducting biannual reviews of the automatic adjustment clauses of four public utilities.

Section 12. Other Activities

NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS

 The National Association of Regulatory Utility Commissioners (NARUC) is a quasi-governmental nonprofit corporation founded in 1889. NARUC membership is composed of the governmental agencies of the fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, and 10 federal commissions. NARUC's objective is to improve the quality and effectiveness of public regulation of utilities and carriers.

NARUC operates through committees and subcommittees. Those groups advance regulation through study and discussion of the operation and supervision of public utilities and carriers. Through promoting coordinated action by the commissions, the organization serves to protect the public interest.

The Arkansas Public Service Commission was represented during 1997 by the following committee and subcommittee assignments:

Lavenski Smith
Committee on Finance and Technology

Sam I. Bratton, Jr.
Executive Committee
Committee on Communications

Julius Kearney
Committee on Gas
Liaison to Department of Transportation
Pipeline Safety Committee
GRI Advisory Committee
NARUC Representative to the Interstate Oil
and Gas Compact Commission

Dave Slaton
Staff Subcommittee on Administrative Law
Judges

Sarah Bradshaw
Staff Subcommittee on Law

Jerrell Clark
Staff Subcommittee on Executive Directors

Sam Loudenslager
Staff Subcommittee on Communications
Staff Committee for Federal/State Joint Board
On Separations

Bill Dennis
Staff Subcommittee on Accounts

Mary Henthorn
Staff Subcommittee on Computers

David Lewis
Staff Subcommittee on Gas

Richard House
Staff Subcommittee on Strategic Issues

Section 13. Receipts & Disbursements

RECEIPTS

Utility Assessments	\$7,187,191.00
Pipeline Safety Assessments	477,874.00
Other Filing Fees	74,950.97
Miscellaneous Fees	52,788.00
Federal Reimbursements	142,955.00
Refund to Expenditures-Prior Year	301.92
Refund to Expenditures-Current Year	4,830.30
Total Receipts	<u>\$7,940,891.19</u>
Less 1.5% Treasury Fees	<u>118,668.82</u>
Net Deposit	<u>\$7,822,222.37</u>

DISBURSEMENTS

Regular Salaries	\$4,071,126.76
Extra Help	0.00
Group Insurance	266,033.50
Retirement	400,477.14
Federal Insurance Contributions	296,987.42
FICA-Agency Cost of Arcap	8,135.29
Career Recognition Payment	21,700.00
Postage	25,032.00
Telephone	832.95
Freight	5,075.15
Printing by Dept. Of Corrections	627.71
Printing by D.F.A. Quick Copy	3,488.34
Advertising & Clipping Service	6,798.79
Film Processing	48.62
Building Maintenance	24,196.96
Furniture & Equipment Maintenance	12,715.07
Vehicle Maintenance	6,998.30

Section 13. Receipts & Disbursements

DISBURSEMENTS (Cont'd.)

Rent of Office Space	335,110.26
Rent of Furniture & Equipment	37,132.68
Rent of Data Processing Equipment	88,666.09
Rent Not Classified	9,522.41
Intrastate Meals & Lodging	33,078.57
Intrastate Mileage	77.06
Intrastate Other Travel	180.78
Interstate Meals & Lodging	52,418.19
Interstate Mileage	1,855.28
Interstate Common Carrier	24,778.74
Interstate Other Travel	585.36
Administrative Fees & Services	144,166.89
Reimbursable Expenditures	15,938.14
Court Reporters	35,868.15
Court Notary	153.00
Vehicle Insurance	4,126.00
Building & Contents Insurance	2,290.00
Lease of Terminals	4,195.54
Centrex	72,195.43
Association Dues	27,771.00
Marketing & Redistribution Fees	78.00
Educational Fees	32,128.72
State Agency Contract Services	462.00
Vehicle Licenses	387.25
Credit Card Purchases	4,971.32
Stationary & Office Supplies	39,220.92
Photo Supplies	304.82
Subscriptions & Publications	46,415.43
Microfiche	8,421.33
Kitchen/Janitorial Supplies	415.52
Data Processing Supplies	28,441.99
Purchase of Data Processing Software	9,281.16

Section 13. Receipts & Disbursements

DISBURSEMENTS (Cont'd.)

Sales & Use tax	2,909.00
Workers Compensation Premium Tax	4,554.00
Total Disbursements	<u>\$6,218,375.03</u>

CAPITAL EXPENDITURES

State Vehicles	50,887.68
Office Machines	2,912.23
Office Furniture	10,557.56
Photographic Equipment	819.12
Data Processing Equipment	116,463.32
Specialized Research Equipment	217.97
Total Capital Expenditures	<u>\$81,857.88</u>
Total Disbursements Including Capital Expenditures	<u><u>\$6,400,232.91</u></u>

SUMMARY

Fund Balance as of January 1, 1997	\$5,575,245.08
Net Deposit	\$7,822,222.37
Total Disbursements	<u>\$6,400,232.91</u>
Balance	<u><u>\$6,997,234.54</u></u>

THE ARKANSAS PUBLIC SERVICE COMMISSION DOES NOT DISCRIMINATE ON THE BASIS OF RACE, COLOR, NATIONAL ORIGIN, SEX, RELIGION, AGE OR DISABILITY IN EMPLOYMENT OR IN THE PROVISION OF SERVICES.

